



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
OFFICE OF THE INSPECTOR GENERAL FOR AUDITS  
WESTERN DIVISION  
75 HAWTHORNE STREET  
19TH FLOOR, MAIL CODE 1-1  
SAN FRANCISCO, CA 94105-3901

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March 20, 1991

SUBJECT: Audit Report No. P5CG\*8-10-0076-1100146  
Audit of CERCLA Cooperative Agreement V-000282-01  
Awarded to the Washington Department of Ecology  
Olympia, WA

FROM: *Allen M. Conrad for*  
Truman R. Beeler  
Divisional Inspector General for Audits  
Western Audit Division

TO: Dana Rasmussen  
Regional Administrator  
EPA Region 10

SCOPE AND OBJECTIVES

An audit was performed of cooperative agreement V-000282-01 between the Washington State Department of Ecology (WDOE) and EPA Region 10 (R-10). The cooperative agreement was for a remedial investigation and feasibility study at the Colbert Landfill.

The objectives of the audit were to determine:

- a) the reasonableness, allocability and allowability of the costs claimed under the cooperative agreement;
- b) WDOE's compliance with provisions of the cooperative agreement and applicable laws and regulations; and
- c) the adequacy, effectiveness and reliability of the procurement, accounting and management controls exercised by WDOE in administering its cooperative agreement.

The audit was performed by the firm of Conrad and Associates (Conrad), Certified Public Accountants. Their report states that the audit was conducted in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. The audit field work was conducted between June 11, 1990 and July 13, 1990.

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SUMMARY OF FINDINGS

In our opinion, the costs detailed below and in the attached Conrad report fairly present the financial information in accordance with the financial provisions and special conditions of the cooperative agreement.

	Costs Reviewed (Note 1)		Per Audit		
		Costs Accepted	Ineligible	Unsupported	
Total	<u>\$1,937,263</u>	<u>\$1,144,178</u>	<u>\$32,696</u>	<u>\$760,389</u>	Note 2
Federal Share	<u>\$542,434</u>	* <u>\$320,370</u>	<u>\$9,155</u>	<u>\$212,909</u>	
Less: Payments Made Through 9/30/87		<u>\$542,434</u>			
Balance Due EPA		<u>\$222,064</u>			

Note 1

- a) Costs reviewed under cooperative agreement V-000282-01 represent the costs claimed by WDOE on the final financial status report for the period from May 1, 1984 to September 30, 1987.

Note 2

- a) Ineligible costs of \$32,696 consist of:
- i) Costs claimed of \$32,110 for a cost-plus-percentage-of-cost work assignment awarded by WDOE. Cost-plus-percentage-of-cost type agreements are unallowable under 40 CFR 33.285.
  - ii) Indirect costs of \$586 because WDOE did not adjust their 1985 indirect cost rate to reflect the final negotiated rate. OMB Circular A-87 limits indirect costs to amounts allowed per the negotiated rates.
- b) Unsupported costs of \$760,389 consist of:
- i) Contractual services of \$692,093 because WDOE did not obtain EPA approval prior to awarding the contracts. Prior approval was required since WDOE certified that their procurement system did not meet the requirements of 40 CFR Part 33.

- ii) Personnel services costs of \$40,259 because WDOE did not have established procedures to ensure that holiday, sick and annual leave charges are equitably allocated to cost objectives per OMB Circular A-87. Since WDOE could not determine which portion of personnel service costs were attributable to compensated leave, the entire amount of personnel service costs is questioned as unsupported.
- iii) Indirect costs of \$18,611 since these costs were determined based upon application of the indirect cost rate to the questioned direct labor costs.
- iv) Fringe benefits costs of \$9,226 since these costs were determined based upon application of a percentage to the questioned direct labor costs.
- v) Travel costs of \$200 for which WDOE could not provide supporting documentation.

1. Inadequate Procurement Procedures

WDOE does not have established procedures to ensure that procurements are made in accordance with 40 CFR Part 33. WDOE certified that their procurement system did not meet the requirements of 40 CFR Part 33 and, therefore, agreed to allow prior review and approval by EPA of any procurement actions.

However, WDOE failed to obtain EPA approval prior to the awarding of a contract under the cooperative agreement. In addition;

- a. Cost and price analysis were not performed as required by 40 CFR 33.290.
- b. A cost-plus-percentage-of-cost work assignment was awarded, which is unallowable under 40 CFR 33.285.
- c. Written justification for the type of subagreement was not contained in the procurement files as required by 40 CFR 33.250(a)(4).

2. Labor Distribution System Weaknesses

WDOE does not have established procedures to ensure that holiday, sick and annual leave costs are equitably allocated to cost objectives in accordance with OMB Circular A-87. Leave costs are allocated based upon the judgement of the supervisor, usually depending upon which project the employee has worked on during the last month or two. Therefore, there can be no assurance that

these costs are equitably allocated because the leave may have been earned while the employee was working on several cost objectives.

#### RECOMMENDATIONS

We recommend that the Regional Administrator:

- A) Advise WDOE that the costs questioned of \$793,085 are disallowed for federal participation.
- B) Obtain recovery of the \$222,064 of Federal funds paid in excess of the amount accepted in this report.
- C) Require WDOE to establish procedures to ensure that:
  - 1) Procurements are made in accordance with the requirements of 40 CFR Part 33.
  - 2) Leave costs are allocated in accordance with OMB Circular A-87.

#### WDOE COMMENTS

An exit conference was held with WDOE on July 13, 1990 to present the findings and recommendations in the report. WDOE provided a written response to the audit report in a letter dated February 5, 1991.

WDOE did not agree with the findings concerning procurement of contracts or allocation of leave costs. WDOE did agree with the findings concerning the adjustment of the indirect cost rate and the unsupported travel costs. A summary of WDOE's response along with auditors comments are included in the Conrad report. The complete WDOE response is included as an attachment.

#### ACTION REQUIRED

In accordance with EPA Order 2750, the action official is required to provide this office with a copy of the proposed determination on the above recommendations within ninety (90) days of the audit report date.

The Office of the Inspector General has no objection to the release of this report at the discretion of the responsible program official.

Audit Report No. P5CG\*8-10-0076-1100146

Please refer to the audit report number on all related correspondence. If you have any questions concerning this report, please contact Allen Orand at FTS 484-2445.

**Report of Final Audit of the  
Washington Department of Ecology  
Superfund Cooperative Agreement V000282-01 with EPA  
Under the Comprehensive Environmental Response,  
Compensation, and Liability Act of 1980**

**May 1, 1984 through September 30, 1987**

Report of Final Audit of the  
Washington Department of Ecology  
Superfund Cooperative Agreement V000282-01 with EPA  
Under the Comprehensive Environmental Response,  
Compensation, and Liability Act of 1980

May 1, 1984 through September 30, 1987

TABLE OF CONTENTS

	<u>Page</u>
Scope and Objectives	1
Summary of Findings	2
Background	5
Independent Auditor's Report on Schedule of Costs	6
Independent Auditor's Report on Internal Control Structure	7
Independent Auditor's Report on Compliance	9
Findings and Recommendations:	
1 - Contracts Awarded Were Not Reviewed and Approved by EPA	11
2 - Labor Distribution Weaknesses Were Identified	14
Exhibit A - Schedule of Costs Reviewed, Accepted and Questioned for the Period May 1, 1984 through September 30, 1987	16
Notes to Exhibit A	17
Appendix 1 - Response to Draft Report by State of Washington, Department of Ecology	20

Mr. Truman R. Beeler  
U.S. Environmental Protection Agency  
Divisional Inspector General for Audit  
Western Division  
211 Main Street, Suite 220  
San Francisco, CA 94105

SCOPE AND OBJECTIVES

We have performed a financial and compliance audit of the State of Washington, Department of Ecology (WDOE) cooperative agreement V000282-01 with the U.S. Environmental Protection Agency (EPA) under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980. The primary objectives of our audit were:

1. To determine the reasonableness, allocability, and allowability of the costs claimed under the cooperative agreement;
2. To ascertain WDOE's compliance with provisions of the cooperative agreement and applicable EPA regulations and instructions; and
3. To determine the adequacy, effectiveness and reliability of procurement, accounting and management controls exercised by WDOE in administering its cooperative agreement.

Specifically, a final audit of cooperative agreement number V000282-01 was performed for the period May 1, 1984 through September 30, 1987. The field work was performed from June 11, 1990 to July 13, 1990.

Our audit was performed in accordance with generally accepted auditing standards and the financial and compliance provisions contained in the Government Auditing Standards issued by the Comptroller General of the United States. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.



WASHINGTON DEPARTMENT OF ECOLOGY

SUMMARY OF FINDINGS

Financial Results of Audit

In our opinion, \$1,144,178 of the \$1,937,263 claimed by WDOE was acceptable in accordance with the provisions of the cooperative agreement. The results of audit are summarized below and detailed in Exhibit A.

	Costs Reviewed(a)	Costs Accepted(b)	Per Audit- Questioned Costs (b)	
			Ineligible	Unsupported
Total costs	<u>\$1,937,263</u>	<u>\$1,144,178</u>	<u>\$32,696</u>	<u>\$760,389</u>
Federal share	<u>\$ 542,434</u>	<u>\$ 320,370</u>	<u>\$ 9,155</u>	<u>\$212,909</u>

Note (a) - Costs reviewed were for CA number V000282-01 from the final Financial Status Report (FSR) for the period May 1, 1984 to September 30, 1987.

Note (b) - Accepted costs represent costs audited which are considered allowable by the auditor without qualification. Ineligible costs represent questioned costs that are considered by the auditor to be unallowable under the provisions of applicable laws, regulations, policies, or program guidelines. Unsupported costs represent questioned costs which cannot be accepted without additional information or evaluations and approvals by responsible Agency program officials.

We recommend that the Regional Administrator, Region 10:

1. Advise WDOE that the costs questioned of \$793,085 are disallowed for Federal participation.
2. Obtain recovery of \$222,064 of Federal funds paid in excess of the amounts accepted in this report.

1. WDOE's Contracts Awarded Were Not Reviewed and Approved by EPA

WDOE did not obtain EPA approval of contracts and related work assignments funded under EPA cooperative agreements. EPA review and approval was required, because WDOE certified that the procurement system did not meet the standards set forth in 40 CFR Part 33. WDOE did not meet all of the EPA procurement requirements when awarding the contract and work assignments to Golder & Associates. In addition, work assignment #1 awarded to Golder & Associates was a cost-plus-percentage-of-cost reimbursement type agreement which is an ineligible contract type. The failure to meet EPA procurement requirements would have been identified and corrected before the agreements were awarded, if EPA was provided the opportunity to review and approve the procurement documents prior to their award. We are questioning as ineligible

WASHINGTON DEPARTMENT OF ECOLOGY

SUMMARY OF FINDINGS, (CONTINUED)

Financial Results of Audit, (Continued)

\$32,110 of costs claimed for work assignment #1. Since WDOE did not obtain EPA approval of the contracts, the remaining \$692,093 of contractual services costs claimed are questioned as unsupported.

Recommendation

We recommend that Regional Administrator, Region 10:

1. Obtain recovery of the costs questioned as a result of the deficiencies in WDOE's procurement system.
2. Require all procurement actions initiated by WDOE be reviewed and approved by EPA officials;
3. Require that WDOE provide data demonstrating that the costs questioned as unsupported were reasonable in relation to the services rendered; and
4. Direct WDOE to initiate improvements to its procurement system to meet the requirements of 40 CFR Part 33 and the special conditions of the cooperative agreements. These improvements should include, as a minimum:
  - a) Incorporate all 40 CFR Part 33 requirements into its written procedures manual;
  - b) Initiate a review process and develop a checklist to ensure compliance with the EPA procurement regulations; and
  - c) Establish a centralized contract file for each contract which contains documentation relative to the contract procurement.

2. Labor Distribution Weaknesses Were Identified

WDOE's method of charging sick and annual leave did not equitably allocate the costs among cost objectives. No standard procedures were established to ensure that compensated leave was equitably allocated as required by OMB Circular A-87. As a result, annual and sick leave costs were directly charged to the cooperative agreement. WDOE was unable to identify which of the labor costs claimed were related to compensated absences. Therefore, total personnel services costs are questioned.

Recommendation

We recommend that the Regional Administrator, Region 10 require WDOE to:

1. Establish procedures to equitably allocate compensated leave costs in accordance with OMB Circular A-87; and

WASHINGTON DEPARTMENT OF ECOLOGY

SUMMARY OF FINDINGS, (CONTINUED)

Financial Results of Audit, (Continued)

2. Determine the amount of leave cost claimed under the cooperative agreement and eliminate the amount from costs claimed.

Grantee Comments

An exit conference was held with the WDOE management and their representatives on July 13, 1990 to present our findings and recommendations and to ensure a clear understanding of our report. At this conference, WDOE discussed its position relative to our findings and recommendations. In addition, WDOE provided us formal written comments on our draft report in a letter dated February 5, 1991. To provide a balanced understanding of the issues, we have summarized the WDOE's position at appropriate locations in the report and provided their verbatim comments at Appendix 1.

Action Required

In accordance with EPA Order 2750, the Action Official is required to provide this office with a copy of the proposed determination on the findings within ninety (90) days of the audit report date.

## WASHINGTON DEPARTMENT OF ECOLOGY

### BACKGROUND

On December 11, 1980, Public Law 96-510, the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) was enacted by Congress. CERCLA, commonly known as the "Superfund" law, was passed to provide the needed general authority and to establish a Trust Fund for Federal and state governments to respond directly to any problems at uncontrolled hazardous waste disposal sites, not only in emergency situations, but also at sites where longer term permanent remedies are required. CERCLA was established to fill the gap in the national system to protect public health and the environment from the release, or threatened release, from any source, including abandoned hazardous waste sites, into any part of the environment.

The blueprint for the Superfund program under CERCLA is the National Contingency Plan (NCP), first published in 1968 as part of the Federal water pollution control plan. The NCP lays out three types of responses for incidents involving hazardous wastes which require immediate removal, planned removal, and remedial response. The first two types of responses were modifications of the earlier program under the Clean Water Act. However, remedial response is a new type of response intended to deal with the longer term problem of abandoned or uncontrolled sites.

CERCLA requires the establishment of a National Priorities List (NPL) of hazardous waste sites for remedial action. In October 1981, EPA compiled an interim priorities list of 115 hazardous waste sites. The sites were nominated by the EPA Regional Offices and the states, primarily on the basis of potential threat to the public health; the threat to the environment was also considered. In September 1983, EPA published the first NPL of 406 sites.

Washington Department of Ecology (WDOE) was responsible for overseeing the clean up effort at Colbert Landfill. The Colbert Landfill is a closed 40 acre sanitary landfill located 15 miles north of Spokane, Washington. Colbert Landfill was operated by the Spokane County Utilities Department from 1968 through 1986. When operational, the landfill received chemical solvents for disposal from Key Tronic Corporation & Fairchild Air Force Base.

In 1980, nearby residents complained of hazardous waste being disposed of at the Colbert Landfill to the Eastern Regional Office of the Washington Department of Ecology. A preliminary investigation by state and local officials found that some of the nearby private wells were contaminated with Trichloroethane. In June, 1984, an initial remedial measure (IRM) was developed to extend the public water supply mains to affected residents.

The WDOE was awarded a cooperative agreement (CA) for a remedial investigation and feasibility study of the landfill. This agreement, CA No. V000282-01 was awarded on May 1, 1984 in the amount of \$194,000. The project and budget periods for the award were May 1, 1984 to February 28, 1985. There were nine amendments to the CA which increased the total award amount to \$1,937,263, and extended the project and budget periods to September 30, 1987.

Mr. Truman R. Beeler  
U.S. Environmental Protection Agency  
Divisional Inspector General for Audit  
Western Division  
211 Main Street, Suite 220  
San Francisco, CA 94105

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF COSTS

We have audited the accompanying Schedule of Costs Reviewed, Accepted and Questioned of Washington Department of Ecology (WDOE) for cooperative agreement V000282-01 for the audit period May 1, 1984 through September 30, 1987, awarded by the U.S. Environmental Protection Agency. This schedule is the responsibility of WDOE's management. Our responsibility is to express an opinion on the schedule.

We conducted our audit in accordance with generally accepted auditing standards and standards for financially related audits contained in the Government Auditing Standards issued by the Comptroller General of the United States and as set forth in the U.S. Environmental Protection Agency's EAG-3--CERCLA Cooperative Agreements audit guide, dated August 1985. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accompanying schedule is free of material misstatement. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule. We believe that our audit provides a reasonable basis for our opinion.

Our audit disclosed certain costs which have been questioned as to their allowability or support under the EPA criteria described above. These questioned costs are described in more detail in notes 2 through 8 to the accompanying schedule.

In our opinion, except for the questioned costs described in notes 2 through 8 to the accompanying schedule, the accompanying schedule presents fairly, in all material respects, the allowable costs for the cooperative agreement, in conformity with the criteria established in Federal regulations.

This report is intended for the information of the U.S. Environmental Protection Agency and WDOE and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Conrad & Associates*

July 13, 1990

Mr. Truman R. Beeler  
U.S. Environmental Protection Agency  
Divisional Inspector General for Audit  
Western Division  
211 Main Street, Suite 220  
San Francisco, CA 94105

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE

We have audited the accompanying Schedule of Costs Reviewed, Accepted, and Questioned of Washington Department of Ecology (WDOE) for cooperative agreement V000282-01 for the audit period May 1, 1984 through September 30, 1987, awarded by the U.S. Environmental Protection Agency and have issued our report thereon dated July 13, 1990.

We conducted our audit in accordance with generally accepted auditing standards and standards for financially related audits contained in the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free of material misstatement.

In planning and performing our audit of the accompanying schedule, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the schedule and not to provide assurance on the internal control structure.

The management of WDOE is responsible for developing and maintaining internal control structure used in administering Federal financial assistance programs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the control procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute assurance that the expenditures claimed under Federal financial assistance programs are in accordance with Federal cost principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Mr. Truman R. Beeler  
Divisional Inspector General for Audit  
Page Two

For the purposes of this report, we have classified the significant internal control structure in the following categories:

- Cash disbursements
- Payroll
- Financial reporting system
- Contractor procurement system
- Contractor performance and billing

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under the standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the accompanying schedule being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation. These are detailed in the Findings and Recommendations section of our report.

This report is intended solely for the use of the U.S. Environmental Protection Agency and WDOE and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Conrad & Associates*

July 13, 1990

Mr. Truman R. Beeler  
U.S. Environmental Protection Agency  
Divisional Inspector General for Audit  
Western Division  
211 Main Street, Suite 220  
San Francisco, CA 94105

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

We have audited the accompanying Schedule of Costs Reviewed, Accepted, and Questioned of Washington Department of Ecology (WDOE) for cooperative agreement V000282-01 for the audit period May 1, 1984 through September 30, 1987, awarded by the U.S. Environmental Protection Agency, and have issued our report thereon dated July 13, 1990.

We conducted our audit in accordance with generally accepted auditing standards and standards for financially related audits contained in the Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accompanying schedule is free of material misstatement.

The management of WDOE is responsible for its compliance with laws and regulations applicable with the cooperative agreements awarded by EPA. In connection with the audit referred to above, we selected and tested transactions and records to determine WDOE's compliance with certain provisions of laws, regulations, and special conditions to the cooperative agreements, noncompliance with which could have a material effect on the schedule referred to above. However, it should be noted that our objective was not to provide an opinion on overall compliance with such provisions.

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in laws, regulations and cooperative agreement special conditions, that cause us to conclude that the aggregation of misstatement resulting from those failures or violations are material to the financial statements. The results of our tests of compliance disclosed the following material instances of noncompliance, the effects of which have been reflected in the program statements.

- WDOE's contract procurement system did not meet the requirements of EPA procurement regulations.



Mr. Truman R. Beeler  
Divisional Inspector General for Audit  
Page Two

This condition is described in detail in the Findings and Recommendations section of our report.

We considered this material instance of noncompliance in forming our opinion on whether the accompanying schedule is presented fairly, in all material respects, in conformity with Federal regulations. This report does not affect our report dated July 13, 1990 on that schedule.

Except as described above, the results of our tests of compliance indicate that, with respect to the items tested, WDOE complied, in all material respects, with the provisions referred to in the third paragraph of this report, and with respect to items not tested, nothing came to our attention that caused us to believe that WDOE had not complied, in all material respects, with those provisions.

We also noted certain immaterial instances of noncompliance that we have detailed in the Findings and Recommendations section of our report.

This report is intended for the use of the U.S. Environmental Protection Agency and WDOE and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Conrad & Associates*

July 13, 1990

FINDINGS AND RECOMMENDATIONS

1. Contracts Awarded Were Not Reviewed and Approved by EPA

WDOE did not obtain EPA approval of the contract and related work assignments funded under EPA cooperative agreements. EPA review and approval was required, because WDOE certified that its procurement system did not meet the standards set forth in 40 CFR Part 33. WDOE did not meet all of the EPA procurement requirements when awarding the contract and work assignments to their contractor, Golder & Associates. In addition, work assignment #1 awarded to Golder & Associates was a cost-plus-percentage-of-cost reimbursement type agreement which is an ineligible contract type. The failure to meet EPA procurement requirements would have been identified and corrected before the agreements were awarded, if EPA was provided the opportunity to review and approve the procurement documents prior to their award. We are questioning as ineligible \$32,110 of costs claimed for work assignment #1. Since WDOE did not obtain EPA approval of the contracts, the remaining \$692,093 of contractual services costs claimed are questioned as unsupported.

Each recipient of EPA assistance agreements is required by 40 CFR 33.110 to evaluate its own procurement system and determine whether its system meets the applicable parts of 40 CFR Part 33. After evaluating its system the recipient is required to complete the "Procurement System Certification" (EPA Form 5700-48) to certify that its system meets the intent of the requirements or that its current system does not meet the intent of the requirements. If the recipient's system does not meet the procurement requirements, then the recipient also must certify that it will follow the requirements of 40 CFR Part 33 and allow EPA preaward review of proposed procurement actions that will use EPA funds. 40 CFR Part 33, Appendix A, "Procedural Requirements for Recipients Who Do Not Certify Their Procurement System, or for Recipients Who Have Their Procurement Certifications Revoked by EPA", details the procedural process that recipients must follow if their system does not meet the EPA procurement requirements.

WDOE submitted EPA Form 5700-48 with its application for Federal assistance when applying for this cooperative agreement. The certification stated that WDOE did not certify that its procurement system will meet all the requirements of 40 CFR Part 33 and, therefore, agreed to follow the requirements of the regulations with EPA review and preaward approval of proposed procurement actions that will use EPA funds.

However, WDOE did not follow all the requirements of 40 CFR Part 33, nor did it provide EPA with the opportunity to review and approve proposed procurement actions. WDOE did not meet the following procurement requirements:

1. Cost and price analyses were not performed on the contract, work assignments, and amendments to work assignments in excess of \$10,000 as required by 40 CFR 33.290.

FINDINGS AND RECOMMENDATIONS

1. Contracts Awarded Were Not Reviewed and Approved by EPA, (Continued)

2. A cost-plus-percentage-of-cost reimbursement type agreement was awarded for work assignment #1. This contract type is not allowable under 40 CFR 33.285.
3. Written justification for the type of subagreement was not maintained in the procurement files as required by 40 CFR 33.250(a)(4).

If EPA had been provided the opportunity to review and approve procurement documents prior to the award of the agreements, the missing procurement steps and illegal agreement type would have been identified and corrected.

Since work assignment #1 was an illegal contract type, the \$32,110 claimed for the work assignment is questioned as ineligible. Since WDOE cost and price analyses were not performed, WDOE could not demonstrate that the agreement amounts were reasonable and necessary. Therefore, the remaining \$692,093 of contractual service costs claimed are questioned as unsupported.

Recommendation

We recommend that the Regional Administrator, Region 10:

1. Obtain recovery of the costs questioned as a result of the deficiencies in WDOE's procurement system.
2. Require all procurement actions initiated by WDOE be reviewed and approved by EPA officials;
3. Require that WDOE provide data demonstrating that the costs questioned as unsupported were reasonable in relation to the services rendered; and
4. Direct WDOE to initiate improvements to its procurement system to meet the requirements of 40 CFR Part 33 and the special conditions of the cooperative agreements. These improvements should include, as a minimum:
  - (a) Incorporate all 40 CFR Part 33 requirements into its written procedures manual;
  - (b) Initiate a review process and develop a checklist to ensure compliance with the EPA procurement regulations; and
  - (c) Establish a centralized contract file for each contract which contains documentation relative to the contract procurement.

FINDINGS AND RECOMMENDATIONS

1. Contracts Awarded Were Not Reviewed and Approved by EPA, (Continued)

WDOE's Comments on Finding

WDOE's response is summarized below and included verbatim at Appendix 1.

WDOE enclosed a memorandum Report on Management Assistance (RMA) (see Exhibit 1a in Appendix 1) which summarized the results of EPA Regional Office review of Ecology's policies and procedures on the management of Superfund Cooperative Agreement. Although the RMA had identified a number of procurement weaknesses, the overall review was positive. In addition, WDOE enclosed a memorandum regarding the selection of consultants for performance of remedial activities at uncontrolled hazardous substance sites (see Exhibit 2 in Appendix 1) which provided an explanation of the procedures Ecology followed in procurement of architectural and engineering services.

Our Evaluation of WDOE's Comments

WDOE's response to the procurement deficiencies addressed in our audit report summarized their procedures to procure architectural and engineering services. Although we recognize that WDOE has these written procedures, WDOE has not demonstrated to us that they performed a cost and price analysis on contract, work assignments, and amendments to the work assignment and written justification for the type of subagreement as required by 40 CFR Part 33. WDOE also has not explained why an ineligible cost-plus-percentage-of-cost reimbursement type agreement was awarded for work assignment #1. Without WDOE's response to these deficiencies, our finding remains as stated.

FINDINGS AND RECOMMENDATIONS, (CONTINUED)

2. Labor Distribution Weaknesses Were Identified

WDOE's method of charging sick and annual leave did not equitably allocate the costs among cost objectives. No standard procedures were established to ensure that compensated leave was equitably allocated as required by OMB Circular A-87. As a result, annual and sick leave costs were directly charged to the cooperative agreement. WDOE was unable to identify which of the labor costs claimed were related to compensated absences. Therefore, total personnel services costs are questioned.

OMB Circular A-87, Attachment B, Section B-13 identifies allowable employee benefit costs as "Employee benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as annual leave, sick leave, court leave, military leave, and the like, if they are: (1) provided pursuant to an approved leave system; and (2) the cost thereof is equitably allocated to all related activities, including grant programs." These employee benefit costs are only allowable to the extent that total compensation for employees is reasonable.

WDOE did not establish formal procedures on how compensated leave should be allocated. The program index (cost objective) to which leave was charged was judgmentally decided by the employee's supervisor. The selection of the program index was generally based on the projects worked on during the previous month or two.

This method was not equitable because employee leave benefits were accrued while working on many cost objectives and the method did not allocate the costs to all related activities. Leave costs charged directly to the cooperative agreement are not allowable, and therefore should be excluded from costs claimed. However, WDOE was unable to identify the amount of compensated leave charged directly to the cooperative agreement. As a result, total personnel services costs of \$40,259 are questioned as unsupported.

Recommendation

We recommend that the Regional Administrator, Region 10 require WDOE to:

1. Establish procedures to equitably allocate compensated leave costs in accordance with OMB Circular A-87; and
2. Determine the amount of leave cost claimed under the cooperative agreement and eliminate the amount from costs claimed.

WDOE's Comments on Finding

WDOE's response is summarized below and included verbatim at Appendix 1.

FINDINGS AND RECOMMENDATIONS, (CONTINUED)

2. Labor Distribution Weaknesses Were Identified, (Continued)

1. All compensated absences are reported under one object of expenditure. The system does not generate reports that separately identify the dollar amount of costs associated with each type of leave taken. It is not a requirement for the State of Washington to separate compensated absences from compensated work time in the statewide accounting system.
2. It is allowable to charge leave costs directly to a cooperative agreement.
3. Since it was not proven that our allocation of leave costs were inequitable in relation to how we charge such costs throughout the Agency, these costs must be considered allowable. We do not believe that the absence of a formalized written policy on the allocation of compensated absences means that we have an inequitable method of allocation.

Our Evaluation of WDOE's Comments

1. Since WDOE could not identify the amount of compensated leave charged directly to the cooperative agreement, the questioned cost remains as stated.
2. There may have been a misunderstanding as to how leave costs should be charged to the cooperative agreement. We concur that leave cost can be charged to the cooperative agreement, however, it is WDOE's responsibility to abide by OMB Circular A-87 which requires an equitable method of allocation of leave time.
3. It is WDOE's responsibility to have support to prove that they have an equitable allocation method as required by OMB Circular A-87, Attachment B-13. Based on our review of the labor distribution system, we determined that WDOE did not equitably allocate employee leave benefits. Leave benefits were accrued while working on many cost objectives and WDOE did not allocate these costs to all related activities. In addition, since WDOE does not have formal written procedures to allocate leave cost, it is difficult for WDOE to maintain an allocation system which consistently applies leave cost. According to 40 CFR 30.715 (b), "each item of cost must be treated consistently as either a direct or an indirect cost." Without formal written procedures, employees may have different perspectives on how to charge leave time. As a result, leave time may not be equitably allocated.

WASHINGTON DEPARTMENT OF ECOLOGY  
 Cooperative Agreement No. V000282-01  
 Remedial Investigation/Feasibility Study  
 Cooperative Agreement

Schedule of Costs Reviewed, Accepted and Questioned  
 For the Period May 1, 1984 through September 30, 1987

	Costs Reviewed(1)	Costs Accepted	<u>Questioned Costs</u>		Notes
			Ineligible	Unsupported	
Personnel	\$ 40,259	\$ -	\$ -	\$ 40,259	2
Fringe Benefits	9,226	-	-	9,226	2
Supplies	1,325	1,325	-	-	
Travel	7,691	7,491	-	200	3
Contractual services- Golder & Associates	724,203	-	32,110	692,093	4
Indirect	19,197	-	586	18,611	2,5
DSHS match	<u>1,135,362</u>	<u>1,135,362</u>	<u>-</u>	<u>-</u>	
Total costs	<u>\$1,937,263</u>	<u>\$1,144,178</u>	<u>\$32,696</u>	<u>\$760,389</u>	
Federal share	<u>\$ 542,434</u>	<u>\$ 320,370</u>	<u>\$ 9,155</u>	<u>\$212,909</u>	

See accompanying notes to Exhibit A.

WASHINGTON DEPARTMENT OF ECOLOGY  
Cooperative Agreement No. V000282-01  
Remedial Investigation/Feasibility Study Cooperative Agreement

Notes to Exhibit A

For the Period May 1, 1984 through September 30, 1987

Note 1 - Costs reviewed were those reported on the final Financial Status Report (FSR) submitted for cooperative agreement V000282-01 for the period May 1, 1984 through September 30, 1987. Only project costs allowable under the cooperative agreement are to be included in the Financial Status Reports.

Note 2 - WDOE charged holiday, sick leave, and annual leave directly to the cooperative agreement. This method was not in accordance with OMB Circular A-87 which required compensated leave to be allocated equitably to all cost objectives. We have questioned as unsupported total personnel costs pending review by EPA.

See finding and recommendation #2, Labor Distribution Weaknesses Were Identified, for further details.

The questioned personnel costs impact the amounts claimed for fringe benefits and indirect costs. Both costs were based on percentages of direct labor costs. As a result, amounts claimed for fringe benefits and indirect costs are questioned as unsupported pending review by EPA.

WDOE's Comment on Questioned Costs

See finding and recommendation #2, Labor Distribution Weaknesses Were Identified for WDOE's response.

Note 3- WDOE did not provide documentation to support \$200 of travel costs claimed. The costs relate to air fare claimed on travel voucher 1390-002 on June 19, 1985. OMB Circular A-87 requires costs to be necessary and reasonable for proper and efficient grant operation. WDOE was unable to show that the costs claimed were necessary and reasonable, therefore the amount has been questioned as unsupported.

WDOE's Comment on Questioned Costs

We are not able to determine without any reasonable doubt that this cost was necessary and reasonable, therefore we concur that at this time it could be considered as unsupported.

Auditor's Conclusion

Based on WDOE's response, our finding remains as previously stated.



WASHINGTON DEPARTMENT OF ECOLOGY  
Cooperative Agreement No. V000282-01  
Remedial Investigation/Feasibility Study Cooperative Agreement

Notes to Exhibit A

(Continued)

Note 4 - WDOE did not obtain EPA approval of contracts and related work assignments funded under EPA cooperative agreements. EPA review and approval was required, because WDOE certified that its procurement system did not meet the standards set forth in 40 CFR Part 33. WDOE did not meet all of the EPA procurement requirements when awarding the contract and work assignments to Golder & Associates. In addition, work assignment #1 awarded to Golder & Associates was a cost-plus-percentage-of-cost reimbursement type agreement which is an ineligible contract type. We are questioning as ineligible \$32,110 of costs claimed for work assignment #1. Since WDOE did not obtain EPA approval of the contracts, the remaining \$692,093 of contractual services costs claimed are questioned as unsupported.

See Finding and recommendation #1, Contracts Awarded Were Not Reviewed and Approved by EPA, for further details on this finding.

WDOE's Comment on Questioned Costs

See finding and recommendation #1, Controls Awarded Were Not Reviewed and Approved by EPA for WDOE's response.

Note 5 - In fiscal year 1985, WDOE did not adjust its indirect costs to reflect the final indirect cost rate contained in the Indirect Cost Rate Negotiation Agreement. OMB Circular A-87 limits indirect costs to amounts allowed per the negotiated rates. The excess indirect costs claimed in the amount of \$586 are therefore questioned as ineligible.

The cost questioned was based on the following computation:

Indirect Cost Rate Used by WDOE	48.56%
Final 1985 Indirect Cost Rate	<u>41.50%</u>
Difference	7.06%
Salary Costs	<u>\$8,302</u>
Cost Questioned	<u>\$ 586</u>

We have also questioned as unsupported \$18,611 of indirect costs for the reasons described in note 2 above.

WASHINGTON DEPARTMENT OF ECOLOGY  
Cooperative Agreement No. V000282-01  
Remedial Investigation/Feasibility Study Cooperative Agreement

Notes to Exhibit A

(Continued)

Note 5 - (Continued)

WDOE's Comment on Questioned Costs

After recalculating the indirect computation using the final rate, a total of \$164 is potentially due to the federal government.

Auditor's Conclusion

Since WDOE's response did not adequately explain how they calculated \$164 that is potentially due to the federal government, our finding remains as previously stated.

**APPENDIX 1**



STATE OF WASHINGTON  
DEPARTMENT OF ECOLOGY

Mail Stop PV-11 • Olympia, Washington 98504-8711 • (206) 459-6000

February 5, 1991

Mr. Ronald L. Conrad, C.P.A.  
Managing Partner  
Conrad And Associates  
1100 Main Street, Suite C  
Irvine, CA 92714

RE: Audit Report No. P5CH 8-10-0076  
Report of Audit of Cooperative Agreement  
No. V000282-01 (Colbert Landfill)

Dear Mr. Conrad:

We appreciate the opportunity to respond to the draft audit report on the above cooperative agreement. We will respond to your findings and recommendations in the same order as presented in the draft report.

1. Contracts Awarded Were Not Reviewed and Approved by EPA

RESPONSE: See enclosed Exhibits 1 and 1a: (EPA Headquarters) report on management assistance visit to Washington State Department of Ecology.

On May 21 and 22, 1986, staff from the Environmental Protection Agency (EPA) Headquarters and the Regional Office participated with the Department of Ecology in reviewing Ecology's policies and procedures on management of Superfund Cooperative Agreements.

EPA recognized that Ecology had its own "pool" of contractors similar to EPA's REM contracts. In its May 1986 Management Assistance Program review, EPA acknowledged that "work assignments are made via task orders and vouchers are checked and paid against them after the site manager certifies that the work has been completed satisfactorily." (See last paragraph, page 2 of the enclosed EPA Headquarters report.)

RESPONSE: See enclosed Exhibit 2: Selection of Consultants for Performance of Remedial Action Activities at Uncontrolled Hazardous Substance Sites.

In November 1985, Ecology Contracts Officer Rick Hall prepared a memorandum documenting the 1985 procurement actions. This memo provides an explanation of the procedures that Ecology followed beginning in 1983, in complying with state law governing procurement of architectural and engineering services (Chapter 39.80 RCW), and with the U.S. EPA Procurement Under Assistance Agreements, 40 CFR Part 33.

To summarize the contents of Rick Hall's memo, in pertinent part:

- A. Ecology used the procedures in 33.525 to evaluate and select engineering firms.
- B. Ecology used responses to request statement of qualifications to determine the most technically qualified engineering firms.
- C. After selecting and ranking the most qualified engineering firms, Ecology requested technical proposals from those firms and informed them of the evaluation criteria that Ecology would use to rank the proposals.
- D. Ecology then selected and determined, in writing, the best technical proposals.
- E. After selecting the best proposals, Ecology attempted to negotiate fair and reasonable compensation with engineering firms.
- F. Ecology reached agreement on compensation with four engineering firms.

RESPONSE: See enclosed Exhibits 3, 3a, 3b, and 3c: Review by EPA Region 10 of Ecology's Request for Proposal for Performance of Remedial Activities at Uncontrolled Hazardous Substance Facilities.

On October 2, 1987, Ecology contracts Officer Jan Swanberg provided EPA Project Officer Kathryn Davidson with a draft of the Request for Proposal that would be sent to the top ten finalists who responded to Ecology's Statement of Qualifications. On October 12, 1987, Ecology received Ms. Davidson's written comments to the draft Request for Proposal. On October 16, 1987, Jan Swanberg provided Ms. Davidson with a final copy of the Request for Proposal.

RESPONSE: Please reference Exhibit 2 for information on this issue.

2. Labor Distribution Weaknesses Were Identified.

- A. Paragraph one in the finding (page 12 of audit report) states in part, "WDOE was unable to identify which of the labor costs claimed were related to compensated absences. Therefore, total personnel services costs are questioned."

RESPONSE: The statewide Time Management System (TMS) utilized by our agency specifically identifies the type of leave used on each day. However, the system does not generate reports that separately identifies the dollar amount of costs associated with each type of leave taken. All compensated absences are considered "compensated" labor costs and are reported under one object of expenditure (object "A" per the statewide accounting system). It is not a requirement of the State of Washington to separate compensated absences from compensated work time in the statewide accounting system.

- B. Paragraph four in the finding (page 12 of audit report) states in part, "Leave costs charged directly to the cooperative agreement are not allowable, and therefore should be excluded from costs claimed."

RESPONSE: In a telephone conversation on January 23, 1991, between June Pak of your firm and Gary Zeiler, our fiscal officer, June agreed that the above statement is not correct. It is allowable to charge leave costs directly to a cooperative agreement, however, OMB Circular A-87, Attachment B, Section B-13, states that the costs are to be equitably allocated. Based on this information, recommendation number two under this finding should be removed from the report.

- C. Regarding the statements in the finding (page 12 of audit report) that we have not established formal procedures on how compensated leave should be allocated, and that the program index (cost objective) to which leave was charged was judge-mentally decided by the employee's supervisor, we have the following comments:

RESPONSE: We take exception to the statement that we do not have an equitable allocation method for leave and holiday time. Circular A-87 states that these costs must be equitably allocated. It does not specify any certain method of allocation. We contend that since it was not proven that our allocation of leave costs were inequitable in relation to how we charge such costs throughout the Agency, that these costs must be considered allowable. We do not believe that the absence of a formalized written policy on the allocation of compensated absences means that we have an inequitable method of allocation.

We are pursuing other options on a formal leave allocation methodology. Since this new methodology would be applied to all programs and funding sources, not just federal grants, we will need to carefully assess the impact on the Agency before its adoption. We do not believe that leave allocations on an annual basis are feasible. Agency management must have accurate and timely information available to them on at least a monthly basis. In addition, we have federal grants with various start and end dates which requires preparation of final Financial Status Reports (FSR's) throughout the year. Attempting to go back and revise final FSR's at the time of a yearly leave allocation, in an effort to capture federal funds on closed grants is impractical, and in many cases, the federal funding would no longer be available.

Regarding the notes to Exhibit A of the audit report (pages 14 and 15), not all of which are covered in a specific finding and recommendation, we have the following comments:

- Note 3 addresses \$200 claimed on a travel voucher in 1985. We are not able to determine without any reasonable doubt that this cost was necessary and reasonable, therefore we concur that at this time it could be considered as unsupported. However, please note that after applying the federal grant percentage of 28 percent, \$56 is the total amount potentially due to the federal government.

Mr. Ronald L. Conrad, C.P.A.  
February 5, 1991  
Page 4

- Note 5 addresses the issue of Ecology not adjusting its indirect costs to the final negotiated rate of 41.5 percent for Fiscal Year 1985. After recalculating the indirect computation using the final rate, a total of \$164 is potentially due to the federal government.

If you have any questions you may contact our fiscal officer, Gary Zeiler at (206) 459-6211.

Sincerely,



William Wheeler, Program Manager  
Budget, Accounting and Support Services

GZ29d02  
Enclosures

cc: Jim Martin  
Carol Fleskes  
Gary Zeiler  
Emily Ray  
Trish Ryan  
Patty Carlton  
Jill Rider  
Brent Thompson  
Colbert Landfill Audit File

JUL 25 1986

M/S 525

RECEIVED

AUG 20 '86

EPA-WOO

John Littler, Program Manager  
Hazardous Waste Cleanup Program  
Department of Ecology  
Mail Stop PY-11  
Olympia, Washington 98504-8711

Dear Mr. Littler:

On May 21 and 22, 1986, staff from the Environmental Protection Agency (EPA) Headquarters and the Regional Office participated with the Department of Ecology (Ecology) in a review of the state's policies and procedures on management of Superfund Cooperative Agreements. A copy of the report prepared by EPA Headquarters is enclosed. Overall, the review was a positive one, with a good exchange of information and ideas relating to the execution of both single-site and multi-site agreements.

The comments in the report relate to the state's management system and procurement issues. In regard to overall cooperative agreement administration, EPA's primary recommendation is for the state to designate an overall State Project Officer to ensure that the overall provisions of the multi-site cooperative agreement are met. Another issue raised was the importance of providing quarterly reports to EPA. These reports are necessary both from the standpoint of making funding decisions and having documentation available for audit purposes.

Except for a few points that were raised during the review and are reiterated in the report, Ecology's procurement system meets EPA's requirements. The report indicates a few specific items that need revising to meet 40 CFR Part 33. Most are things to be included in future procurement actions. One issue that will require immediate attention is Ecology's Small Works Roster. As explained in the report, the roster currently does not meet 40 CFR Part 33 and the state must either amend their procedures to meet EPA's regulations or request deviations from EPA's regulations regarding frequency of updating the list and use of the roster for procurements above \$10,000.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

2

If you have any questions or wish to discuss the report, please contact Kathy Davidson, Project Officer for the multi-site cooperative agreement.

Sincerely,

Robert G. Courson, Chief  
Superfund Branch

Enclosure

cc: A. Aurdal, Grants Administration, EPA  
J. Wine, HSCD, EPA  
K. Johnson, Grants Administration, EPA

*Emily Ray*

EXHIBIT 1a

JUL 18 1986

Superfund Branch

JUL 16 1986

MEMORANDUM

SUBJECT: Report on Management Assistance Visit to Washington  
State Department of Ecology

FROM: Sam Morekas, Chief *Sam Morekas*  
State and Regional Coordination Branch  
Hazardous Site Control Division

Frederick Meadows, Chief *Frederick Meadows*  
Grants Policy and Procedures Branch  
Grants Administration Division

TO: Robert Courson, Chief  
Superfund Branch  
Hazardous Waste Division, Region X

Don Larson, Chief  
Comptroller Branch  
Management Division, Region X

The combined Headquarters and Region visit took place on May 21 and 22, 1986 in the State's Offices. Attached is a copy of the report documenting our findings and recommendations.

The visit followed our established protocol and also included a discussion on MSCA management and quarterly reports. The findings and recommendations, therefore, pertain to 40 CFR 30 and 33 issues as well as program implementation issues, and identify some areas in the State's procedures which need attention. You may want to modify the report or address any other specific areas of interest or concern on the execution of the State's Cooperative Agreements.

Please do not hesitate to contact us should there be any questions. We would appreciate receiving a copy of the transmittal letter to the State as well as any plans for followup on this report.

Management Assistance Program Review  
Washington State Department of Ecology  
May 21-22, 1986

Participants

Washington State Department of Ecology

Emily Ray	Michael Spencer	Dan Brady
Pat Marston	Michelle Hauth	Jan Swanberg
Gina Temy	Dave Howard	Kay Journey

EPA Region X

Arv Aurdal	Kathy Davidson
Mariam Momb	Joe Penwell

EPA Headquarters

Jan Wine	Kent Holland
Richard Johnson	

A. Background

EPA has formulated a program of systematic visits to States that have responsibility for executing Superfund remedial Cooperative Agreements (CA). The Washington Department of Ecology (DOE) has one multi-site/multi-activity cooperative agreement (MSCA) and two single-site CAs. We reviewed DOE's assistance agreement system, including its procurement procedures.

B. Assistance Agreement Management System

The State's financial system accounts for costs on a site-specific basis regardless of whether the EPA is funding an action or not. Once a cooperative agreement is awarded, funds are monitored by both assistance agreement number and site account. Financial Status Reports (FSR) are filed quarterly with the Region on the disposition of Federal funds. Records are kept in separate places depending upon whether the information is technical or administrative. However, there is a central indexing system which would permit the State to assemble all information in one place if necessary.

The State has its own "pool" of contractors similar to EPA's REM contracts. Work assignments are made via task orders and vouchers are checked and paid against them after the site manager certifies that the work has been completed satisfactorily. Some

administrative processing delays in making the task orders have been encountered in the past but the addition of new staff should correct this problem. In the future, the State intends to conduct contractor pre-award audits and is seeking information on how EPA conducts such audits. The Headquarters IG office suggests that the State contact Dick Moore, Branch Manager, Seattle Office, Regional Audit Division, for further details and implementation assistance.

The State has a system for tracking property and equipment which complies with EPA's Superfund requirements. This system also identifies usage rates by site and complements the financial tracking system.

Overall cooperative agreement administration and management is not centralized. A site project manager for one site in the MSCA acts as the CA project officer and another site project manager is the CA project officer on the other. We discussed an alternative approach to ensure that 40 CFR 30, 33, and CA special conditions are met since attention to these details appear to burden the SPO in light of his/her project specific responsibilities. The State agreed to explore the possibility of designating a person within the Management Section as CA project officer who would have responsibility for interacting with all DOE offices and ensuring that the overall provisions of each CA are met.

### C. Procurement Issues

During our review we discussed the State's procurement procedures with staff from the Department of Ecology's (DOE) Hazardous Waste Cleanup Program, Fiscal, and Budget offices.

The DOE has not certified its procurement system, therefore, it uses the Part 33 regulation to award Superfund subagreements. State procurement requirements are contained in Title 39, Chapter 39.04, "Public Works." In addition, DOE must comply with the Department of General Administration's requirements in Title 236, Chapter 236-48, "Division of Purchasing," Washington Administrative Code, when purchasing material, equipment, services, and supplies.

The DOE also has a "Financial Guidelines For Grants Management" manual which contains recommended procedures and guidelines for Federal and State grants administered by DOE, and the State Office of Financial Management published the manual "Procedures for Using Outside Consultants" which directs State agencies in the planning, executing, and monitoring of consultant services subagreements. The DOE, Hazardous Waste Cleanup Program staff is developing procedures for awarding construction subagreements. We reviewed the above State requirements and documents and have the following comments:

# 1. Small Works Roster

DOE must comply with EPA's requirements §33.230(c), "Competition," and §33.305 - 33.315, "Small purchase procedures," when developing its Small Works Roster.

The State allows its agencies to establish a Small Works Roster to award subagreements for construction, repair, or alteration of projects estimated to cost less than \$25,000. The Roster consists of all qualified contractors who have requested to be included on the Roster. In lieu of advertisement and competitive bid, the agency solicits at least five quotations, confirmed in writing, from contractors chosen by random number generated by computer from the contractors on the Roster for the category of job type involved. The award is made to the contractor with the lowest quotation. If the agency cannot solicit quotations from five qualified contractors, the agency must advertise and competitively bid the work.

The State requires DOE to update this Roster at least once a year by advertising in a newspaper of general circulation the existence of the Roster, and adding all those qualified contractors who request to be included on the Roster.

The requirements in §33.230 are intended to maximize competition if prequalified lists are used. Therefore, if DOE establishes a Small Works Roster for use on Superfund cooperative agreements, they must either update the list every six months, review and act on each request for prequalification made more than 30 days before the closing date for receipt of quotations; or request a deviation from §33.230(c). The DOE request must persuade us that an exception should be made. In either case, DOE must continue to give adequate public notice of its Roster in accordance with public notice procedures in §33.410 or §33.510.

The small purchase requirements in §33.305 through §33.315 are limited to procurements under \$10,000. However, the State's Small Works Roster procedures cover procurements up to \$25,000. Since the Small Works Roster procedures do not allow everyone on the Roster to submit a bid for each award, they are essentially small purchases procedures. Therefore, if DOE wants to use its Small Works Roster for procurements between \$10,000 and \$25,000, it must request a deviation from §33.305. A deviation request would have to persuade EPA that DOE should be allowed to limit competition for procurements between \$10,000 and \$25,000.

## 2. Evaluation Criteria

The DOE must inform potential bidders/offerors of all evaluation criteria and their relative weights.

EPA requires that recipients inform potential bidders/offerors of the evaluation criteria, and the relative weight of each, that will be used to determine who receives the award. The RFP we reviewed did not have all of the criteria or the relative weight of each.

The DOE can list the criteria in order of relative importance without giving a specific weight to each criterion (as long as the bidders/offerors are told that the criteria are listed in order of importance), or the State can give the criteria and the specific weight of each.

## 3. Subagreement Clauses

The DOE should prepare subagreement documents which incorporate only the provisions and appropriate clauses (or their equivalent) required by Part 33.

In the subagreement documents we reviewed, DOE had, in some cases, more than one clause on a particular area. For instance, the subagreement had both EPA's and the State's termination and audit clauses. This creates an ambiguity which could cause DOE a legal problem when they enforce these clauses.

The State has boiler plate subagreement documents which DOE needs to review to be sure that if Federal Superfund dollars are involved, the appropriate Part 33 clauses (or their equivalent) are included and that there are no conflicting clauses.

## 4. Public Notice

Because DOE is not certified, DOE must allow at least 30 days public notice period.

In the regulations we reviewed, the DOE only allows for a 15 day public notice. If EPA funds are involved, however, the DOE must be certain that it allows at least 30 days for public notice.

## 5. Bonding Requirements

The DOE needs to be certain that required bonds are obtained from companies holding certificates of authority as acceptable sureties (see Treasury Circular 570. "Surety Companies Acceptable on Federal Bonds").

For construction subagreements over \$100,000, DOE must insure that contractors obtain required bonds from a bonding company holding a certificate of authority. To ensure that this occurs and to avoid possible delays in awarding the subagreement, DOE should make this requirement very clear in the IFB's and RFP's.

#### 6. Alternate Bids

The bid package must make it clear whether DOE will accept alternate bids.

Chapter 236-48-083 of the Washington Administrative Code states that the State may accept an alternate bid if the alternate substantially conforms to the bid specifications. The section also states that if a bidder represents an article as being "an equal" when in fact it is "an alternate," the State may disregard the bid. This section is confusing and could lead to bid protests which may hold up the subagreement award.

An "alternate" bid is a bid which by definition does not conform to the technical specifications in the bid but will comply with the performance specifications in the bid.

An "equal" article is one which complies with the technical specifications listed in the bid and will, therefore, meet the State's performance requirements.

DOE, therefore, must be certain that if it intends to accept alternate bids, the bidding document so states. Otherwise, DOE cannot accept alternate bids.

#### 7. Exception to Award to Lowest Responsible Bidder

DOE should clarify under what circumstances it will make an exception to the requirement to award to the lowest responsible bidder.

State regulation (WAC 236-48-095) states that it may enter into direct negotiations to achieve the best possible price when it has reason to believe that the lowest acceptable bid is not the best price obtainable. Although there is a clear advantage to be able to do this, DOE should limit the use of this section.

#### 8. Use of Same Engineer During Subsequent Phases of the Project

During our review, DOE raised a question concerning the use of their four A/E contractors. DOE has subagreements with four A/E firms similar to EPA's REM contractors, whereby the A/E's are available to perform work at any site during the period of

subagreement performance. They asked if they could use any of these firms on any phase of any project even if that firm had not worked on the previous phase(s) of the site, or if this would violate EPA's regulation requiring public notice and evaluation.

Since the firms were not retained for a specific project and because the public notice did not limit which phases of a project the firm would work on, DOE may use the four firms for different phases of any project during the period the firms are under contract with the State.





EXHIBIT 2

WASHINGTON  
DEPARTMENT OF ECOLOGY

1000 1st Ave. N.E. • Olympia, Washington 98504-8711 • (206) 835-7111

MEMORANDUM

November 19, 1985

TO: File

FROM: Rick Hall *RB*

SUBJECT: Selection of Consultants for Performance of  
Remedial Activities at Uncontrolled  
Hazardous Substance Sites

The purpose of this memorandum is to document the procedures used to select four consultant teams for services at uncontrolled hazardous substance sites in Washington. As explained below, the procedures used were in compliance with state law governing procurement of architectural and engineering services (Chapter 39.80 RCW), and with the U.S. EPA Procurement Under Assistance Agreements, 40 CFR Part 33. Specifically, 40 CFR 33.525 was followed -- optional selection procedures for negotiation and award of subagreements for architectural and engineering services. It was necessary to follow federal procurement guidelines since it was expected that federal funds would be used to support consultant services at National Priority List (NPL) sites. The procurement procedures followed resulted in the establishment of contracts with Dames & Moore, Golder Associates, Black & Veatch, and HDR.

For documentation purposes, I have incorporated information from a memorandum dated December 20, 1983, which I prepared for the file. That memorandum outlined the procedures used to select finalists from among those firms which submitted statements of qualifications.

On October 5, 1983, a Request for Qualifications (RFQ) was released by the Department of Ecology (Attachment A). The availability of the RFQ was advertised in the Daily Journal of Commerce, the Seattle Times, the Spokane Spokesman Review, and Vancouver Columbian. The RFQ called for Statements of Qualifications (SOQs) from firms interested in performing remedial activities at uncontrolled hazardous substance facilities. The RFQ identified the contents required in SOQs, and listed five evaluation criteria. The RFQ indicated that SOQs were due at Washington Ecology by November 4, 1983, and would be reviewed by a consultant selection committee. It was stated that the selection committee was expected to choose at least five firms (or teams) determined to be most qualified.

In October, the consultant selection committee was established, and consisted of two environmental planners, two sanitary engineers, and two

environmentalists. The individuals comprising this six-member committee are identified in Attachment B. Committee members represented Washington Ecology headquarters and regional offices.

Thirty-one SOQs were received by the November 4th deadline (SOQs are on file with the Washington Ecology fiscal office). On November 7, 1983, the consultant selection committee met to receive copies of the SOQs and to discuss evaluation procedures. I provided copies of the Department of General Administration Architect-Engineer Selection scoring sheet to each committee member. I also provided the committee with copies of cover letters attached to the SOQs, and a list outlining considerations in reviewing statements of qualifications. At the committee's request, I prepared a guidance sheet for use in applying the evaluation criteria. Copies of the General Administration scoring sheet, the list of considerations, and the evaluation criteria guidance are attached (Attachments C, D, and E).

On December 14, 1983, the consultant selection committee met to choose finalists to receive Requests for Proposals (RFPs) for remedial activities. The first topic of discussion was the assignment of weights to the evaluation criteria. The committee decided that of the five criteria, "management approach" and "firms' experience" should be emphasized in the point scoring. It was decided that "management approach" and "firms' experience" should be assigned a weight of two, or twice the point value of each of the other three criteria. The other three criteria, therefore, remained weighted equally.

Initially each committee member had scored each SOQ on a scale of 0 to 100, for each of the five criteria. After assigning weights, a total weighted score could be calculated for each SOQ. The maximum total score that any SOQ could receive was 700 points (a perfect score).

Each committee member calculated total weighted scores for each SOQ, then identified the rank order of the firms on the basis of total weighted scores. Raw scoring sheets are included as Attachment F. Each person then listed his or her top ten firms by score. Sixteen different firms were among the top ten listed by the committee members (see Attachment G).

The committee then assigned a secondary scoring system to rank the top firms listed in Attachment G. Each firm in Attachment G was assigned a new score based upon its relative position in any committee member's top ten list. For instance, firms ranked in first position received ten points, firms in second position received nine points, firms in third place received seven points, and so on. If a firm was in tenth place on a list it received one point. If a firm was not ranked among the top ten in a particular list, it received zero points for that list.

Attachment H identifies the secondary scores of firms listed in the top ten by committee members. As the table indicates, Black & Veatch received the most points (44 points) since it was ranked very high by several individuals. Firms which received few points did so because they were generally not highly ranked in individual lists. Based upon total point scores in Attachment H, the committee decided to select either the top seven or top nine firms. It was decided that nine firms would be chosen as finalists if Washington Ecology was likely to enter into at least three level of effort contracts. Following further discussion with the committee and John Littler, the Remedial Action Section Chief, it seemed reasonable and likely that we would enter into three contracts. Therefore, the top nine firms were selected as finalists. All thirty-one firms submitting SOQs were notified by mail on December 16, 1983 of their status (see examples included as Attachments I and J). Also attached is a listing of the firms which submitted SOQs and a separate listing of the finalists (Attachments K and L).

On October 19, 1983, Washington Ecology had requested that EPA issue a work assignment to CH2M Hill to provide assistance in writing the RFP which the consultant finalists would ultimately receive. Unfortunately, that work assignment was not approved by EPA until February 2, 1984. With the assistance of CH2M Hill, an RFP and a separate sample work problem were prepared (Attachments M and N). The RFP was released on May 1, 1984 to the nine consultant finalists.

In early May 1984, the six-member consultant selection committee was re-established. Because of job commitments, three of the people who had reviewed SOQs could not participate in the review of proposals. Rick Hall, Carol Fleskes, and Chris Haynes continued as selection committee members. George Houck, Jim Knudson, and Mike Ruef replaced Julie Sellick, Dan Swenson, and Jim Malm as committee members.

On May 16, 1984, a preproposal meeting was held to discuss the RFP and to release the sample problem for the consultants' response. On May 31, 1984, the consultants' technical proposals and separate, sealed cost proposals were due at the Washington Ecology headquarters office.

Seven of the nine finalists submitted technical and cost proposals by the deadline. Copies of the technical proposals were distributed to the consultant selection committee (copies of technical proposals are now on file with the fiscal office at Washington Ecology). The committee was also provided with a variety of materials to aid in their review and evaluation of the proposals. These consultant proposal evaluation documents are on file in the offices of the Remedial Action Division, and include scoring sheets, a checklist for evaluation of proposal completeness, letters concerning the RFP from the consultants, letters of clarification from Washington Ecology to the consultants, and guidance on interpreting the

sample work problem prepared by CH2M Hill. A cassette tape of the preproposal meeting was also given to each committee member.

In early June 1984, the selection committee began the review of technical proposals. Interviews were held with representatives of each of the seven consultant finalists between June 25 and June 27, 1984. All members of the selection committee participated in the interviews.

References were provided in the technical proposals. I selected two or three references for each proposed prime and subcontractor for contact. Suzanne Milham contacted the references and reported the results on individual forms. The forms were copied and distributed to the committee members for proposal scoring purposes. Copies of the completed reference forms are on file with the Washington Ecology fiscal office and the Remedial Action Division. A copy of a blank reference form is included here as Attachment O.

Following the review of technical proposals and interviews with the seven consultant finalists, each committee member independently scored and ranked (one through seven) the firms, based upon the quality of their written proposals, the results of reference checks, and quality of the oral presentations. The evaluation criteria and associated weights had been defined in the RFP. On the scoring sheets, each firm was given a raw score (0 to 100) and weighted score. Copies of the committee members' scoring sheets are included as Attachment P.

As Attachment Q indicates, each firms' relative ranking by the various committee members was summed. The final ranking by the committee was based upon the total of the rankings, with the lowest total designating the firm considered to be the most qualified. As Attachment Q shows, Dames & Moore was considered to be the most qualified with a score of 10, while Weston was considered to be least qualified with a score of 41. It should be noted that the approach to scoring and selecting consultants was decided upon by the committee prior to receipt and review of technical proposals.

Following the ranking of firms based upon technical qualifications, I notified each of the seven firms and informed them of their relative ranking. Since it was expected that three contracts would be established, cost proposals for the top three candidates (Dames & Moore, Golder Associates, and Black & Veatch) were opened and reviewed. Since contracts were successfully negotiated with these three firms in October 1984, the remaining cost proposals for the four lowest ranked firms were not needed, and consequently were returned unopened to those firms.

In December 1984, however, Washington Ecology began negotiating a contract with HDR, the firm ranked fourth through this proposal evaluation process. The rationale behind hiring HDR was to provide for the contingency when the other three prime contractors are unavailable due to workload, poor

Memo to File  
November 19, 1985  
Page 5

performance, or conflict of interest. The contract with HDR was approved on February 15, 1985.

RH/sr

Attachments

EA BEATTY RINKER  
Director



EXHIBIT 3

STATE OF WASHINGTON  
DEPARTMENT OF ECOLOGY

Mail Stop PV-11 • Olympia, Washington 98504-8711 • (206) 459-6000

October 2, 1987

Ms. Kathryn M. Davidson  
Environmental Protection Agency  
Superfund Program  
1200 Sixth Avenue  
Seattle, Washington 98101

Dear Kathy:

As discussed in an earlier conversation, I have enclosed a copy of the draft Request for Proposal (RFP) for your review and comment.

Ecology has reviewed the twenty-eight Statement of Qualifications that were submitted, and has selected ten finalists to receive the RFP.

The schedule for the proposal due date, preproposal meeting, and interviews are not included in the draft. We are anxious to release the RFP as soon as possible and have tentatively set the following schedule goals:

- Release of RFP.....October 12, 1987
- Preproposal Meeting.....October 26, 1987
- Proposals due to Ecology.....November 12, 1987
- Conduct Interviews.....December 10, 1987  
December 11, 1987

Please call me at (206) 438-3027 if I can provide additional information. I am looking forward to your comments.

Sincerely,

A handwritten signature in cursive script that reads "Jan Swanberg".

Jan Swanberg  
Contract Officer  
Hazardous Waste Cleanup Program

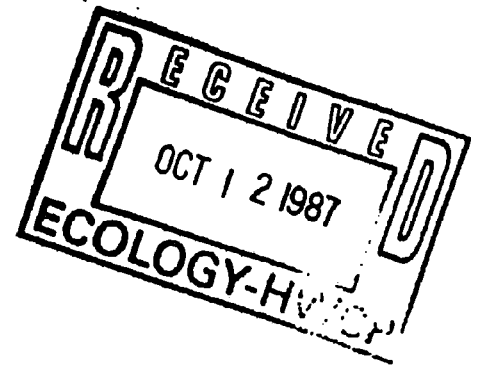
JS:hc



U.S. ENVIRONMENTAL PROTECTION AGENCY  
REGION 10  
1200 SIXTH AVENUE  
SEATTLE, WASHINGTON 98101

EXHIBIT 3a

OCT 2 1987



REPLY TO  
ATTN OF: HW-113

Jan Swanberg, Contract Officer  
Hazardous Waste Cleanup Program  
Washington Department of Ecology  
Mail Stop PY-11  
Olympia, WA 98504-8711

Dear Ms. Swanberg:

As you requested, I have reviewed the draft Request for Proposals for Performance of Remedial Activities at Uncontrolled Hazardous Substance Facilities. I have marked up the draft document with my comments, a number of which are not substantive, but may help clarify some items.

My major concern is with some of the wording related to the requested technical proposal, specifically the "Business Organization" and "Management Plan" sections. To meet the requirements of 40 CFR Part 33 for maximum open and free competition, do not ask respondents to distinguish between offices within or outside of the state. It is more appropriate to request that proposers describe their organization and proposed management plan and how they intend to maintain proper supervision and communications. By asking proposers to identify offices within and outside of the state, it might be construed that competition is being limited.

If you have any questions on this or other comments, I will be in the office on Tuesday, October 13, 1987, and can be reached at (206) 442-1088.

Sincerely,

Kathryn M. Davidson  
Project Officer

Enclosure

10/2/87

EXHIBIT 3b

**DRAFT**

STATE OF WASHINGTON  
DEPARTMENT OF ECOLOGY

REQUEST FOR PROPOSALS  
FOR  
PERFORMANCE OF REMEDIAL ACTIVITIES AT  
UNCONTROLLED HAZARDOUS SUBSTANCE FACILITIES

October 1987



**. CONTENTS**

	<u>Page</u>
General Information	1-14
Instructions for Preparation of Proposals	15-33
Evaluation of Proposals and Interviews	34-35
Appendix A: Cost Proposal Forms	36-40
Appendix B: Definition of Labor Classifications	41-48

## I. GENERAL INFORMATION

### Introduction

In accordance with Chapter 70.105A RCW, the Washington Department of Ecology has the authority to clean up and restore those sites at which improper disposal of hazardous substances has occurred. This authority includes conducting or contracting for professional technical data gathering, investigation and analysis, and conducting or contracting for the removal of hazardous substances and wastes, where there has been or is a potential for release which could pose a threat to public health or the environment.

Ecology is also authorized to participate with the U.S. Environmental Protection Agency (EPA) in programs under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), as amended by the Superfund Amendments and Reauthorization Act of 1986 (SARA). Under CERCLA, EPA has established a National Priorities List (NPL) of sites for which federal funds may be used by states and EPA in performing remedial activities.

### Nature of Services Requested

Ecology intends to hire three or more contractors to perform remedial response activities such as investigations, analyses, design and related consultant services at NPL sites and state priority hazardous waste sites. Due to limited state funding, it is anticipated that

. the majority of contractor assistance will be required on the NPL sites. <sup>4</sup> The phases associated with a remedial response are briefly  
← described below. Contractors procured through this solicitation  
← will be expected to conduct these types of activities.

Site Discovery: The process of discovering a suspected or known hazardous waste site or release. Such sites may be placed on EPA's CERCLIS (Comprehensive Environmental Response, Compensation, and Liability Information System) list for additional characterization and investigation.

Preliminary Assessment (PA). The process of collecting or reviewing available information about a suspected or known hazardous waste site or release. The information gathered is used to determine if the site needs further study, such as a site inspection.

Site Inspection (SI). A technical phase that follows the preliminary assessment that is designed to collect more extensive information on a hazardous waste site. Part of the site inspection process may include a preliminary health assessment of the site. The information generated in the SI process is used to score the site using the Hazard Ranking System described below to determine whether a response action is needed under the jurisdiction of CERCLA.

Hazard Ranking System (HRS). A scoring system used to evaluate potential relative risks to the public health and environment from releases or threatened releases of hazardous substances. The HRS

2

score is the primary factor used to decide if a hazardous waste site should be placed on the National Priorities List (NPL).

Remedial Investigation (RI). A field data collection and site characterization study that defines the extent of contamination in soils, ground water, surface water, and/or air at a NPL or other hazardous waste site. The RI data serves as a basis for conducting the feasibility study.

#### Risk Assessment

- a) Endangerment Assessment. A quantitative assessment characterizing the nature and extent of potential risks to human health from exposure to hazardous substances. These assessments are used to assess the public health impacts of remedial alternatives identified in the feasibility study, and to support enforcement actions under state and federal laws.
- b) Health Assessment. A qualitative evaluation of data and information on the release of toxic substances to the environment in order to 1) assess any current or future impacts on public health, 2) develop health advisories or other health recommendations, and 3) identify studies or actions needed to evaluate and prevent human health effects.

Feasibility Study (FS). A study which identifies and screens cleanup alternatives for remedial action and analyzes in detail the technology and costs of the cleanup alternatives.

Expedited Response Action (ERA). An authorized action at a hazardous waste site which involves short-term remedial action. Examples include removing hazardous materials from a site to an EPA approved, licensed hazardous waste facility; containing the waste safely on site; destroying or treating the waste on-site using incineration and other technologies, and/or other measures designed to mitigate further movement of contaminants.

Ecology will procure a separate construction contractor to perform cleanup and construction related actions necessary to accomplish the ERA. Contractors procured through this solicitation will be used to prepare engineering plans and 1) specify materials and construction methods, 2) evaluate the qualifications of construction contractors, 3) evaluate alternative expedited responses in Engineering Evaluation/Cost Analysis (EE/CA) or equivalent document, and 4) inspect the cleanup.

Natural Resources Damage Assessment. An assessment of damages for injury, destruction, or loss of natural resources resulting from the release of hazardous substances. These assessments provide the basis for cost recovery actions to recover damages to said resources.

Remedial Design (RD). An engineering phase where technical drawings and specifications are developed for a subsequent remedial action. For NPL sites, the RD phase follows the "Record of Decision" phase where the cleanup alternative is selected.

Remedial Action (RA). The actual construction or implementation of a response measure designed to mitigate the hazardous waste problem at a site. Response actions may include those identified above for ERA's, as well as alternative water supply systems.

Ecology will procure a separate construction contractor to perform cleanup and construction related actions necessary to accomplish the remedial action. Contractors procured through this solicitation will be used to evaluate the qualifications of construction contractors and inspect the response action.

Startup Assistance. Assist in the checkout and startup of the remedial (treatment) system.

Community Relations Assistance. Assess community needs and concerns and develop a community relations plan to respond to those identified; assist in preparing information, graphics, fact sheets, and press releases; assist in organizing public workshops or community meetings; participate in presentations to the public, governmental officials, and the media; and establish and maintain repositories.

### Additional Services

The contractor may be requested to provide related technical and administration support. This support may include review of technical reports, plans, and proposals submitted to Ecology by other agencies or parties regarding hazardous waste site investigation and cleanup; technical or administrative policy and procedures development assistance; acquisition of contract laboratory services; research on technical issues; and oversight of remedial actions performed by responsible parties or other entities.

The Contractor may also be requested to provide enforcement support, such as documentation of facts and information about a site, and providing expert testimony during enforcement proceedings.

### Type of Contract

Ecology anticipates awarding "level of effort" or indefinite delivery type contracts. Three or more firms will be selected to respond to work assignments over a one-year period. Delivery or performance will be required only as authorized by work assignments issued by Ecology.

Ecology will reserve the right to renew the contracts, in its sole discretion, for up to three 1-year periods. Ecology will agree to negotiate direct costs, overheads, and fees prior to contract renewal.

### Basis for Issuance of Work Assignments

Ecology will issue work assignments to its successful contractors as needed. Ecology will develop criteria to determine which prime contractors will receive particular work assignments. Factors that may be considered include conflict of interest; the quality of performance on other work assignments; the availability of key personnel; funding available for a particular work assignment; and special expertise.

### Preparation of Work Plans

A project will be initiated by the issuance of a work assignment to the prime contractors by Ecology. These work assignments will contain a statement of work to be performed, Ecology's estimate of costs to perform the work, a performance schedule, and the name of the Ecology project manager. When a work assignment is received, the prime contractor has ten (10) calendar days or a mutually agreed-upon time schedule to prepare a work plan. This work plan should include:

- o Scope of work arranged in logical work tasks including all subcontractors to be used by the prime contractor and identification of their project roles.
- o A detailed project budget for each major task (including work plan preparation) and subtask to include estimates of:



- Direct labor (hours per person, rate, and classification).
  - Detailed travel expenses.
  - Detailed materials expenses.
  - Special testing (unit costs or hourly rates).
  - Equipment expenses (rental, hourly, and mileage rates).
  - Subcontractors (each subcontractor budget must also be as detailed as above).
- o Detail list of work products (deliverables .
  - o A time-phased project schedule listing major tasks, target dates, and delivery of work products.
  - o A plan for meeting work assignment MBE and WBE requirements.
  - o A statement regarding conflict of interest in performance of work by the contractor and proposed subcontractors.

#### Review and Approval of Work Plans

Ecology will review work scope, schedule, staff assignments, and the budget and upon its own discretion may ask the prime contractor to

2

revise portions or all of the work plan to its satisfaction. If agreement cannot be reached, the work plan may be rejected and another prime contractor assigned to the project.

Each work plan will be considered a part of the contract once signed by the authorized representatives of Ecology and the prime contractor.

#### Use of Subcontractors (on team or outside)

The selected prime contractors will be required to assume responsibility for all services offered in the proposal, including services provided by subcontractors. Further, Ecology will consider the prime contractors to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the contract. If any part of the work is to be subcontracted to firms other than those identified as team members in the proposal, the prime contractors shall provide a complete description of the work to be subcontracted and descriptive information about the subcontractors' organizations and capabilities. Unless otherwise authorized by Ecology, a competitive selection process shall be used for selection of such subcontractors. Ecology reserves the right to approve or disapprove the use of any subcontractors, whether or not identified in the proposal. The prime contractor is totally responsible for adherence by the subcontractors to all provisions of the contract.

### Certification of MBE/WBE Participation

The prime contractors shall agree to support Ecology's minority and women's business enterprise contract procurement program ensuring the participation of minority business enterprises (MBEs) and women's business enterprises (WBEs) and in contracts and subcontracts pursuant to Chapter 39.19 RCW. Currently, Ecology goals for MBE and WBE participation are 10.0 percent and 6.0 percent, respectively. Through the duration of this contract for the performance of remedial activities at hazardous substance facilities, Ecology intends to achieve its goals by setting MBE and WBE participation requirements in each work assignment. Work assignments may have percentages for MBE and WBE involvement which vary from the percentages identified above, depending upon factors such as changes in requirements established by the State Office of Minority and Women's Business Enterprises, with which Ecology must comply, and the degree to which Ecology has achieved its overall goals in previous contracts. There may be work assignments issued where no MBE or WBE participation is required. On the other hand, a substantial MBE or WBE involvement may be required in some assignments. Each work plan should clearly identify how the MBE and WBE requirements for each work assignment will be met or should provide justification if the requirements cannot be fully achieved. Certification by the State Office of Minority and Women's Business Enterprises is required to participate as a minority or women's business enterprise. Records supporting the percentages of MBE and WBE participation shall be maintained by the prime contractors and made available to Ecology or duly authorized

10

representative upon request. Each payment request submitted by the prime contractors to Ecology will need to identify clearly amounts payable to minority- and women-owned businesses.

#### Managing Conflict of Interest

Ecology reserves the right to procure additional consulting services and issue work assignments to prime contractors other than the successful proposers under this contract in the event that an unresolvable conflict of interest exists and cannot be avoided. Such conflicts may include status as a potential responsible party, present or proposed contractual arrangements with a potentially responsible party to be studied, present or proposed contractual agreements with a firm that manufactures or sells any substance or item to be studied, present or proposed manufacturer or sale of any substance or item in competition with a substance or item to be studied under this proposed contract.

Before a work assignment is issued, each prime contractor shall identify any potential conflict of interest in its performance of the proposed project. If Ecology determines that any prime contractor has an unresolvable conflict, Ecology will select another prime contractor to receive the work assignment. If no unresolvable conflicts exist, Ecology may issue the work assignment.

Each prime contractor shall assure Ecology in writing that no subcontractors proposed in its work plan have a potential conflict of

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interest. It is the prime contractor's obligation to provide a project team in response to each work assignment that is qualified and free from potential conflict, either by using appropriate subcontractors on its proposed team or by acquiring necessary services outside the project team.

#### Revision of Work Assignments/Work Plans

Changes may be made in specific work assignments through issuance of work assignment amendments. Such work assignment amendments will specify the reason for the change and, as appropriate, include any modified budgets, schedules, scope of work, or other changes. Such amended work assignments will become part of the contract upon signing of Ecology's representatives and the prime contractor's authorized negotiator.

Changes in work assignments will not be allowed when such changes would be attributable to contractor error or delays.

Total percent profit and overhead allowed in any additional costs due to project assignment changes will not exceed the percent profit and overhead identified and allowed in the original work assignment.

#### Reporting Requirements

The following reports shall be prepared by each prime contractor and submitted to Ecology for approval:

- o Monthly progress reports.
- o Draft and final preliminary site investigation work plans (as applicable by work assignment).
- o Draft and final remedial investigation work plans and draft and final remedial investigation reports (as applicable by work assignment).
- o Remedial investigation technical <sup>memoranda</sup> ~~memorandums~~ for ground water sampling, surface water sampling, soil/sediment sampling, air quality sampling, and site hazards assessment (as applicable by work assignment). The technical memorandums shall summarize the data and collection techniques and include an evaluation of the data.
- o When field work is conducted as part of a work assignment, daily field logs and photographs shall be maintained with copies attached to the corresponding monthly progress reports.
- o Draft and final feasibility study (FS) work plans and draft and final FS reports (as applicable by work assignment).
- o Construction plans and specifications, weekly construction reports, and other deliverables (as applicable by work assignment).

### Termination of Contract/Work Assignment

Cancellation of contract or work assignment by Ecology may be for (a) default by prime contractor or (b) lack of further need for the service or commodity at the location named in the contract or work assignment. Default is defined as the failure of a prime contractor to fulfill the obligations of his proposal, contract, or work assignment. In the event Ecology no longer needs the service specified in the contract or work assignment for any reason including program changes, changes in laws, rules or regulations, relocation of offices, or lack of funding, Ecology can also cancel the contract or work assignment. The terms and conditions under which a contract or work assignment can be terminated will be specified in greater detail in the contract itself.

### Payment Procedures

Payment schedules for any contracts and subsequent work assignments entered into as the result of this RFP will be mutually agreed upon by Ecology and the prime contractors.

### Ecology's Contracting Options

Ecology reserves the option to contract for consultant and other services at uncontrolled hazardous substance facilities outside of the contract(s) to be established following this proposal solicitation. In such cases, Ecology can request proposals from firms

considered to be prequalified for performance of remedial activities, can request proposals from all interested firms, or can use other procurement methods consistent with state law.

## II. INSTRUCTIONS FOR PREPARATION OF PROPOSALS

### GENERAL INSTRUCTIONS

Each proposer's submittal shall be in the format outlined in this section. There should be no unnecessary attachments, enclosures, or exhibits. Each section of the proposal shall be clearly identified with appropriate headings. The entire proposal shall not exceed 100 pages, exclusive of resumes. Failure to follow these instructions may cause disqualification.

### Proposal Preparation

The proposal shall be set up in two distinct parts, a technical proposal and a cost proposal. The technical proposal shall include sections addressing business organization, management plan, experience and capabilities, and personnel. A detailed description of proposal requirements is found in a later section titled "Technical Proposal." The cost proposal shall be submitted in a sealed envelope entirely separate from the technical proposal and include key individuals' salary costs, firmwide salary averages for the various labor classifications, overheads, and proposed fee



(profit). This cost information will be used only in negotiations with the selected team or teams and will not be used as a part of the evaluation. Unopened cost proposals will be returned to the unsuccessful proposers to verify that cost was not used in the evaluation and selection.

### Preproposal Conference

A preproposal meeting will be held \_\_\_\_\_, at \_\_\_\_\_ in the \_\_\_\_\_. This meeting will allow proposers the opportunity to seek clarification and additional information before submitting their proposal to the Department. Because of space limitations, Ecology requests that each proposer send no more than three to five representatives to the preproposal meeting. Ecology also requests that proposers submit their questions in writing to Ecology in advance, so that they are received by Ecology no later than \_\_\_\_\_.  
*the 3rd of  
March at  
10:30 a.m.  
Saying no more  
than 5' 10' 16  
3*

To ensure that all parties receive the same substantive information, only questions relating to the processing of proposals will be answered by Ecology after release of the RFP, except at the preproposal meeting. All proposers must attend the meeting.

### Time Through Which Proposals are Valid

Each proposer shall stipulate in writing that the proposal is valid for 120 days after receipt by Ecology.  
/6

Number of Proposals to Submit. Deadline. Mail and Hand Delivery  
Addresses

Six copies of the proposal shall be submitted to Ecology Headquarters, Woodland Square, no later than 5:00 p.m., (date).  
Proposals will be time stamped upon arrival at Ecology. For hand or courier deliveries, the street address is 4415 Woodview Dr. SE, Lacey, 98503. The mailing address is:

State of Washington  
Department of Ecology  
Hazardous Waste Cleanup Program  
Attention: Janice Swanberg  
MS: PV-11  
Olympia, WA 98504

Late Proposals

Proposals received after the deadline will not be accepted.

Oral Presentations

Finalists will be scheduled for a 45-minute presentation. The time for the presentation will be allotted as follows:

5 minutes      Introductions

20 minutes      Proposer's choice of presentation content

20 minutes      Questions and answers concerning the proposal

Upon a prearranged request, Ecology will provide an overhead projector and carousel slide projector with screen for the interview.

Because of the importance of the interview and the time constraints of the selection process, the following restrictions will apply to the interview:

- o The proposer's interview team should be limited to three to five people. Candidate project managers who will deal with Ecology on a day-to-day basis should take a lead role in the presentation. 132
- o All members of the interview team should participate in the oral presentation.
- o All members of the interview team should be key personnel available for work on the contract.

#### Economy of Preparation

Each proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's ability to meet the requirements of the RFP. Fancy bindings, colored displays,

/B

and promotional material will receive no evaluation credit. Emphasis should be on completeness and clarity of content.

Public Disclosure of Information Contained in Proposals

Proposals received shall remain confidential until the contracts, if any, resulting from this RFP are signed by the Ecology director or designee and the apparent successful proposers. Thereafter, all proposals submitted in response to this request shall be deemed public record as defined in RCW 42.17.250 to .340. In the event that a proposer desires to claim portions of its proposal as exempt from disclosure under the provisions of RCW 42.17.250 to .340, it is incumbent upon the proposer to identify those portions in the transmittal letter. The transmittal letter must identify the page and particular exception(s) from disclosure upon which it is making its claim. Each page claimed to be exempt from disclosure must clearly be identified by the word "confidential" printed on the lower right-hand corner of the page.

Ecology will consider a proposer's request(s) for exemption from disclosure; however, Ecology will make a decision predicated upon applicable laws. An assertion by a proposer that the entire proposal is exempt from disclosure will not be honored.

### Incurring Costs

Ecology will not be liable for any costs associated with the preparation and presentation of a proposal submitted in response to this RFP.

### Clarification or Revision of Teams/Team Assignments/Personnel Assignments

The Statement of Qualifications submitted by the consultant team finalists identified proposed team firms, potential project roles, key personnel, and, in some cases, personnel assignments. Addition or deletion of subcontracted team members, revision of proposed roles, or changes in personnel assignments in the proposal will be reviewed by Ecology to determine whether the team is more or less qualified to perform the remedial activities at uncontrolled hazardous waste sites, and will be scored accordingly. Ecology will not approve a change of prime contractor role.

### Changes in RFP

Changes made in the RFP as a result of responses made to questions or concerns raised at the preproposal meeting will be put in writing to each proposer no later than seven (7) working days prior to the deadline for proposal submission. Ecology will not respond to telephone inquiries or visitations by proposers or their representatives.

### Changes in Proposals

Modification of proposals already received by Ecology may be made if they are received by Ecology prior to the scheduled deadline for proposal submission. All modifications must be made in writing over the signature of the proposer.

### Format Required

Technical proposals shall be prepared on standard 8 1/2-inch by 11-inch paper and limited to 100 pages, exclusive of resumes. Charts and spread sheets may be larger. Standard brochures are not to be included in the proposal. The proposal shall be organized in the same order that the information is requested below.

### TECHNICAL PROPOSALS

The technical proposal shall address the information contained in the following paragraphs. Ecology realizes that much of this information was requested at the SOQ stage; but because of the possibility of additional qualifications or staff changes or commitments, it is requested that some of the same type of information be included in the proposal.

During the review of the Statements of Qualifications, it was apparent that some of the submittals did not include all of the requested information. Proposers will note that proposals that

not provide all of the requested information will be evaluated and scored accordingly.

The technical proposal shall include the following information in the order presented below:

1. Business Organization. This section shall include the following for the prime contractor and each subcontractor or team member: the firm's name, areas of expertise, and summary of proposed project roles and services to be provided in responding to uncontrolled hazardous substance facilities; brief history of the firm; size; financial background and capability; office locations and business addresses; ~~local office nearest Ecology headquarters and location of branch offices in the state; and current and proposed staffing levels, in offices in Washington.~~ The name, address, and telephone number of a person to contact regarding the proposal shall be included. A team organization chart is to be provided.

A commitment to involve minority business enterprises (MBEs) and women's business enterprises (WBEs) shall also be clearly expressed in this section. The prime contractor shall describe the nature and level of participation by MBEs and WBEs it would support in the performance of remedial activities for Ecology. Successful proposers will be expected to use MBEs and WBEs through subcontracting, either with MBE and WBE firms listed on

their teams or with other certified firms outside the teams, as the work assignment requires.

2. Management Plan. A description of project considerations and problems perceived by the proposer in dealing with the management of remedial activities shall be provided. This section shall include the proposer's approach to planning, organization, and management, including approaches to meeting scope objectives, budgets, schedules, managing confidential information, and large quantities of information gathered in the performance of remedial activities at multiple projects. Communication methods within the proposer's management team and with Ecology shall be discussed. In addition, the proposer should identify the offices (~~within and outside of Washington~~) at which its team's managerial and technical personnel would be based in support of Ecology remedial activities projects. Each proposer shall provide a list of proposed key personnel, ~~their current office location~~, and their proposed office location during the contract period. ~~To the extent that personnel would not be based locally,~~ The proposer should explain its ability to maintain proper project supervision and good communications while controlling the project budget (e.g., travel costs). Proposers shall also address their past experience at team efforts and specific areas of administrative, technical, and financial responsibility proposed for team members.



3. Experience and Capabilities. The relevant management experience; technical experience; and capabilities of the proposer and team members (firms) related to CERCLA and/or RCRA shall be defined with respect to conducting all of the remedial activities defined in this request. A brief discussion of experience and capabilities in the following areas should be noted:

A. Regulatory Experience

Firms should provide descriptions of demonstrated project <sup>and quality of performance</sup> experience in dealing with the following environmental laws and regulations (listed in order of importance).

- o The Comprehensive Environmental Response Compensation and Liability Act of 1980 as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C. 9601 et seq.), the Hazardous Waste Fees Act (Chapter 70.105A RCW), regulations issued pursuant to those laws, including the National Contingency Plan (40 CFR 300), and relevant EPA guidance documents.
- o The Resource Conservation and Recovery Act as amended by the Hazardous and Solid Waste Amendment of 1984 (42 U.S.C. 6901 et seq.), the Hazardous Waste Management Act (Chapter 70.105 RCW), regulations issued pursuant to those laws (40 CFR 260-270 and Chapter 173-303 WAC), and relevant EPA and Ecology guidance documents.

- o Other applicable or relevant and appropriate federal and state laws and regulations including the Washington Water Pollution Control Act (Chapter 90.48 RCW) and the Washington Clean Air Act (Chapter 70.94 RCW).

**B. Scientific/Technical/Investigative Knowledge**

Firms should provide descriptions of project experience which reflects knowledge and skills in the following scientific/technical/investigative areas. A description of the elements involved with each project phase is provided below. However, the proposal should not address each phase to this level of detail.

- o Site Discovery, Preliminary Assessment, Site Inspection, HRS Scoring

Review files; compile information on: a) past industrial practices, b) past disposal practices, c) available hydrogeologic data, d) chemical data, e) land use data, and f) ground water and surface water use data. collect field samples, characterize site data, perform health assessments, and score site using HRS scoring model.

- o Remedial Investigation

Develop workplan, write health and safety plan, sampling plan, QA/QC plan, quality assurance project plan, describe current situation at site, identify data gaps. Develop data management plan and community relations plan. Perform site investigation including characterizing the site hydrogeology, surface water, soil, and air. Install monitoring wells and other data collection points. Characterize extent of contamination in soil, ground water, surface water, and air. Write draft and final remedial investigation report.

o Risk Assessment

Quantitatively assess the nature and extent of potential risks to human health from exposure to hazardous substances. Qualitatively evaluate data and information collected during the RI to, 1) assess current or future impacts on public health, 2) develop health advisories and related health recommendations, and 3) identify studies or actions needed to evaluate and prevent human health effects.

o Feasibility Study

Develop workplan; characterize problems and identify general response actions; identify preliminary

remedial technologies, including innovative and alternative technologies; develop a limited number of remedial action alternatives; screen those alternatives; evaluate alternatives for technical, environmental, public health, institutional, and cost factors; and write draft and final feasibility study report with final recommendations.

o Expedited Response Action

Evaluate alternative expedited responses in an Engineering Evaluation/Cost Analysis (EE/CA) or equivalent document. This involves evaluating technical feasibility, public health impact, environmental impact, and cost and administrative feasibility. Inspect and document expedited response action construction activities.

o Remedial Design

Conduct site surveys, prepare detailed construction plans and technical specifications, conduct pilot and bench scale treatability studies, prepare construction cost estimate, perform value engineering, conduct constructibility/operability reviews of design, prepare an initial O&M plan and assist in obtaining permits.

o Natural Resources Damages Assessment

Develop workplan. Provide an assessment of damages for injury, destruction, or loss of natural resources resulting from the release of hazardous substances.

o Remedial Action

Assist with construction bidding and contract award. Conduct on-site inspection services including shop drawing review, materials testing, review and certification of payment requests, change order negotiation and management, and claims evaluation. Prepare operation and maintenance manuals and assist with facility startup.

C. Community Relations Experience/Capabilities

Firms should identify their experience with community relations at hazardous waste sites and other relevant projects.

D. Contractor/Subcontractor, Joint Venture, or Team Organization Structure Management

The proposal should cite management experience and success on past projects utilizing the proposed organization

structure. Specific areas of responsibility associated with the organization structure should be discussed. Projects on which firms represented in the proposed organization structure have worked together should be noted.

E. Health and Safety Program

Firms should provide descriptions of their health and safety program which reflects knowledge of OSHA/SARA, December 19, 1986, interim final rules and describe how these standards are being implemented. Discussion should also include safety and technical training of site workers for site investigative activities with regards to Chapter 296-155 WAC and Chapter 296-62 WAC.

F. Standard Operating Procedures

Firms should describe their use and application of in-house standard operating procedures (e.g. Monitoring well installation, surveying, ground water sampling, etc.).

G. Technical Report Production

Firms should describe in-house quality control procedures that are associated with technical report production.

H. Information Management

X  
The Ecology Hazardous Waste Cleanup Program (HWCP) computer system consists of IBM-compatible micro-computers. The main data base management software in use is the SMART Data Manager (by Innovative Software). Within the next few months, HWCP intends to implement a micro-computer Local Area Network (LAN). Data must be transmitted to Ecology using data formats and computer media approved by Ecology.

Firms should describe their information management capabilities for data collected during the course of remedial activities. Descriptions should identify systems and processes used to manage data, particularly Quality Assurance/Quality Control procedures, and data transmittal capabilities.

#### I. Other Areas of Expertise (Optional)

Firms should cite experience with respect to any areas which will aid Ecology in evaluating their hazardous waste response capabilities.

The presentation of project experience in this section shall provide a clear description of the work involved. This shall include a concise statement of prime and subcontractor roles and responsibilities on each of the listed projects. The prime contractor shall present no more than 15 representative project descriptions. Emphasis should be

30

X  
placed on providing project descriptions with references that can be checked by Ecology. Each subcontractor/ shall be limited to no more than five representative project descriptions. All representative project descriptions provided shall include the month and year the project was completed, the location of the project, employing agency/firm, the name of a knowledgeable contact person, and a telephone number of the contact person. Ecology plans to contact these people to check past performance records.

4. Personnel. Proposers shall provide a description of relevant expertise of proposed personnel (prime contractor and subcontractors) who shall be available to perform remedial activities under contract with Ecology. Information shall include a description of personnel discipline and experience in the areas of remedial response activities listed in Item 3 above. Brief resumes of individuals proposed to be key participants under Ecology contract shall be included as an Appendix.

#### COST PROPOSALS

Appendix A contains cost proposal forms that must be included in the cost proposal. Each cost proposal is to be submitted in a separate, sealed envelope and will be used only as a basis for negotiation with the most technically qualified proposers. Appendix B contains a



- definition of labor classifications that must be used in preparing the cost proposal.

Complete separate cost forms for each firm proposed on the project team. Additional instructions are included in Appendix A.

Ecology proposes, through contract negotiation, to establish fees that provide equitable compensation to all contractors and subcontractors. Salary and general and administrative overhead rates for each firm will be reviewed and negotiated. For each work assignment Ecology will determine with the contractor an appropriate method for payment of costs and fees. It is expected that a fixed fee approach will be used in most cases; however, Ecology may wish to use a time and materials or firm-fixed-price method in some work assignments.

Proposers must be aware of, and agree to completely abide by, EPA's Procurement Under Assistance Agreements (40 CFR, Part 33). Among other requirements, these regulations address procurement rules and allowable costs, cost and price considerations, subcontracting requirements and restrictions, contract clauses, and contract review and approval procedures.

Costs associated with relocation of prime or subcontractor personnel are unallowable and shall not be paid by Ecology.

Travel costs may be based upon actual costs incurred or on a per diem or mileage basis in lieu of actual costs, or on a combination of the

two, provided that the method used does not result in an unreasonable charge. Ecology shall not, however, pay any prime contractor or subcontractor personnel for lodging and subsistence charges which exceed the maximum daily rate allowed for state employees. Other Ecology policies regarding allowable and unallowable costs may be found in Ecology's Financial Guidelines for Grants Management and in Appendix B of its contract boilerplates. Ecology staff should be consulted for an explanation of these documents.

For the purposes of preparing the cost proposal, the following definitions will apply:

Direct Raw Labor. The sum of all gross salary costs or hourly wages paid personnel for the time they are productively engaged in direct work necessary to fulfill the terms of the agreement between Ecology and the contractor. Direct labor does not include any fringe benefits.

Salary Overhead. The legal and customary fringe benefits such as social security, vacation pay, sick pay, holiday pay, pension, medical and dental insurance, workmen's compensation taxes, and other insurance. Salary overhead shall be expressed as an approved percentage of direct raw labor costs

General and Administrative Overhead. These are costs which are not easily distributed among individual projects, such as non-project payroll, rents, telephone, utilities and maintenance, employee

training and education, office supplies and services, and insurance. General and administrative overhead will be expressed as an approved percentage of direct raw labor cost.

Subcontractor Costs. The approved costs of services provided by all subcontractors to each prime contractor.

Direct Expenses. Costs, exclusive of subcontractor costs, which are directly involved in fulfilling the terms of the agreement between Ecology and each prime contractor. These costs may include such items as travel, telephone toll expenses, postage, word processing, and computer charges.

### III. EVALUATION OF PROPOSALS AND INTERVIEWS

Each proposal will be reviewed and evaluated on the basis of the following criteria. The criteria are assigned different weights (expressed as percentages) as indicated in parentheses to reflect their relative importance.

1. Adequacy and expertise of project management and technical staff, as demonstrated by experience, education, and project role. (35)
2. Proposer's approach to planning, organization, and management of the program and subcontractors. Experience and capability of

the firm working separately or in joint ventures with projects of a similar nature. Past record of performance on contracts with respect to such factors as budget control, ability to meet schedules, quality of work. (25)

3. The history of the firm, financial standing and capability, organizational framework, knowledge of and ability to comply with procurement standards, federal grant regulations, other applicable regulatory and technical requirements, established safety program, and unique qualifications. (20)
4. Conciseness, quality, clarity, and thoroughness of the written proposal. Quality of the presentation at the interview. This includes professionalism, ability to communicate, and conciseness. (13)
5. Commitment to meet Ecology's goals for involvement of minority (MBE) and women's (WBE) business enterprises. (7)

Ecology reserves the right to reject any or all proposals and to award the contract to that firm<sup>or firms</sup> which, in Ecology's sole and absolute judgment, will best serve the needs of the state.

Appendix A

COST PROPOSAL FORMS

•  
(To be submitted in labeled,  
separate, sealed envelopes.)

Firm Name \_\_\_\_\_

Name \_\_\_\_\_

### Function

Office Location

**Classifi-  
cation\***

Current  
Raw Rate  
(\$/hour)

[illegible]

- 37 -

. Salaries

Firmwide Averages

<u>Classification</u>	<u>Total Number Employees in This Classification</u>	1987
		<u>Average Raw Rate (\$/hour)</u>
P4	_____	_____
P3	_____	_____
P2	_____	_____
P1	_____	_____
T2	_____	_____
T1	_____	_____
Secretarial	_____	_____

Overhead (these are subject to audit by Ecology and other agencies)

Define each component of overhead and the bases to which they apply.

Each firm shall also specify when it was last audited by the Defense Contract Audit Agency (or other governmental agency) and shall submit a copy of the last audit report of actual overhead rates as part of this cost proposal.

Fee (Profit)

Define the percentage of profit requested and the elements of cost (e.g., direct raw labor, indirect costs, and other direct costs, including subcontractors) to which they apply.

For the purpose of solicitation, all offerers are instructed to complete the attached Optional Form 60 to facilitate Ecology's understanding of the offerer's pricing structure. A sample OF 60 is also provided.

All offerers shall complete these OF 60's based on the following sample information. This information is provided for calculation purposes only and does not in any way indicate the magnitude of this solicitation.

The prime contractor shall complete the sample OF 60 assuming the involvement of any two of its proposed team subcontractors, using the following information:

Prime		
	<u>Contractor</u>	<u>Subcontractor A</u> <u>Subcontractor B</u>



1. Direct Material	NA	NA	NA
2. Material Overhead	NA	NA	NA
3. Direct Labor			
P4	100 hrs	50 hrs	50 hrs
P3	200 hrs	100 hrs	100 hrs
P2	250 hrs	125 hrs	125 hrs
P1	450 hrs	225 hrs	225 hrs
T1	400 hrs	200 hrs	200 hrs
Sec	150 hrs	75 hrs	75 hrs
4. Labor Overhead	Provide	Provide	Provide
5. Special Testing	\$15,000	\$2,500	\$2,500
6. Travel	\$8,000	\$2,000	\$2,000
7. Other Direct Costs	\$3,000	\$1,000	\$1,000

Each subcontractor should complete an OF 60 assuming the same labor, testing, travel, and other direct costs as listed for Subcontractor A or B above.

Appendix B  
DEFINITION OF LABOR CLASSIFICATIONS  
\*

## DEFINITION OF LABOR CLASSIFICATIONS

The following definitions of the labor classifications appearing below are provided to aid in the preparation of the technical and cost portion of your proposal.

### (a) Professional

- (1) level 4--Plans, conducts, and supervises project of major significance, necessitating proven managerial skills and knowledge of hazardous waste sites. Must demonstrate ability to originate and apply new and/or unique methods and procedures. Generally operates with wide latitude for unreviewed action.

- Typical title: National Program Manager, Project Leader, Chief Engineer, or Scientist

- Normal Qualifications and Experience:

- Ph.D. degree or equivalent, with 10 years or more experience.
- M.S. degree or equivalent, with 12 years or more experience.

- B.S. degree with 14 years or more experience.

- Experience Factors: Technical experience in chemical waste site investigations, or chemical cleanup activities, solid waste management, water pollution control, or other discipline directly related to the requirements of this contract. Minimum of 4 years experience in supervising multidisciplinary professional and general office management including budgetary requirements.

(2) Level 3--Under general supervision of National Program Manager, plans, conducts, and supervises assignments on a project-by-project basis. Estimates and schedules work to meet completion dates. Directs assistance; reviews progress and evaluates results; makes changes in methods, design, or equipment where necessary. Responsible for safety and designing cost-effective approaches to define the extent of contamination at various waste sites in an accurate manner and to develop feasibility remedial options.

- Typical Title: Regional Team Leader, Project Engineer

- Normal Qualifications and Experience:

- Ph.D. degree or equivalent, with 4 to 10 years of experience.

- M.S. degree or equivalent, with 6 to 12 years of experience.

- B.S. degree with 8 to 14 years of experience.

- Experience Factors: Technical experience in chemical waste site investigations or chemical cleanup activities, water pollution control, or other disciplines directly related to the requirements of this contract. Minimum of 4 years or equivalent. Must have demonstrated ability to manage group of interdisciplinary professionals.

(3) Level 2--Under supervision of a senior or project leader, carries out assignments associated with projects. Work assignments are varied and require some originality and ingenuity. Applies training of professional discipline to assigned projects and translates technical guidance and training received into usable data products and reports. Evaluates data associated with various projects for use in defining extent of contamination and for developing feasibility studies for possible remedial action. Other duties as assigned.

- Typical Title: Engineer, Scientist, Analyst

- Normal Qualifications and Experience:

- M.S. degree or equivalent, with 2 to 6 years of experience in discipline.
- B.S. degree or equivalent, with 3 to 8 years of experience in discipline.
- Experience Factor: Minimum of 2 years in area directly related to contract requirements.

(4) Level 1--Entry level for professional classification; works under supervision of team or project leader. Gathers and correlates basic data and performs routine tasks and other duties as assigned. Makes recommendations on work assignments and on variables which affect field operations. Assist field operations as directed, including manual tasks of equipment setup and maintenance. Performs other duties as assigned.

- Typical Title: Junior Associate (biologist, ecologist, earth scientist, etc.)

- Normal Qualifications and Experience

- B.S. degree or equivalent with zero to 3 years of experience.
- Experience Factor: None

(b) Technician

(1) Level 2--Performs nonroutine and complex tasks in addition to routine assignments. Works at the direction of the team or project leader. Gathers and correlates basic data and performs routine analyses. May also perform experiments or tests that may require nonstandard procedures and complex instrumentation. May construct components or subassemblies or prototype models. May troubleshoot malfunctioning equipment and make simple repairs as authorized by team or project leader.

- Typical Title: Senior Technician

- Normal Qualifications and Experience:

2 to 6 years of experience or equivalent.

- Experience Factor: Related to scope of contract.

(2) Level 1--Entry level; performs simple, routine tasks under supervision as established in chain-of-command procedures. Performs routine maintenance and may install, set up, or operate field equipment of moderate complexity. Provides a wide variety of support functions during field operations.

- Typical Title: Junior Technician (field technician)

- Normal Qualifications and Experience:

Zero to 2 years of experience

- Experience Factor: None

(c) Experience/Qualifications Substitutions

- (1) Any combination of additional years of experience in the proposed field of expertise plus full-time college-level study in the particular field totaling four (4) years will be an acceptable substitute for a B.S. degree.
- (2) A B.S. degree plus any combination of additional years of experience and graduate-level study in the proposed field of expertise totalling two (2) years will be an acceptable substitute for an M.S. degree.
- (3) A B.S. degree plus any combination of additional years of experience and graduate level study in the proposed field of experience totaling four (4) years or a master's degree plus 2 years of either additional experience or graduate-level study in the proposed field of expertise will be an acceptable substitute for a Ph.D. degree.



- (4) Additional years of graduate-level study in an appropriate field will be considered equal to years of experience on a one-for-one basis.
- (5) For the technician categories, each year of full-time college-level study will be considered to a year of practical experience.

ANDREA BEATTY RINKER  
Director



**EXHIBIT 32**

STATE OF WASHINGTON  
DEPARTMENT OF ECOLOGY

Mail Stop PV-11 • Olympia, Washington 98504-8711 • (206) 459-6000

October 16, 1987

Ms. Kathryn Davidson  
Environmental Protection Agency  
Superfund Program  
1200 Sixth Avenue  
Seattle, Washington 98101

Dear Kathy:

For your information, I have enclosed a final copy of the Request for Proposal (RFP). The RFP was sent to the ten finalists on October 14, 1987. Proposals are due to Ecology on November 16, 1987.

Please call me at (206) 438-3027 if I can provide additional information.

Sincerely,

*Jan Swanberg*  
Jan Swanberg  
Contract Officer  
Hazardous Waste Cleanup Program

JS:hc

Enclosure